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COMPACT OF FREE ASSOCIATION

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HEARING

BEFORE THE

SUBCOMMITTEE ON PUBLIC LANDS

OF THE

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

FIRST SESSION

ON

THE PROPOSED COMPACT OF FREE ASSOCIATION: THE MARSHALL ISLANDS

HEARING HELD IN WASHINGTON, DC
MARCH 14, 1985

Serial No. 99–9
PART II

Printed for the use of the
Committee on Interior and Insular Affairs

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NOTE.—The first listed minority member is counterpart to the subcommittee chairman.

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CONTENTS

Page

Hearing held:
March 14, 1985 1

THURSDAY, MARCH 14, 1985

Statements:
De Brum, Hon. Oscar, Chief Secretary, Marshall Islands government 12, 69
Kibin, Hermios, senator, Marshall Islands Nitijela 41
Konow, Evelyn, senator, Marshall Islands Nitijela, representing Jaluit 34
Montoya, Hon. Richard T., Assistant Secretary for Territorial and International Affairs, U.S. Department of the Interior 2, 53
Panel consisting of:
Lizo, Ekenilang, private citizen, Rongelap Atoll 45
Johnsay Riklon, attorney from Rongelap Atoll 46

APPENDIX

THURSDAY, MARCH 14, 1985

Additional material submitted for the hearing record from:
U.S. Department of the Interior: Prepared statement of Hon. Richard T. Montoya, Assistant Secretary for Territorial and International Affairs 53
Settlement agreement between the people of Bikini and the United States 61
U.S. Department of the Interior: Letter from Hon. Richard T. Montoya, Assistant Secretary for Territorial and International Affairs, to Chairman Seiberling, dated April 11, 1985, responding to Mr. Seiberling's written questions regarding the hearing of March 14, 1985 66
Republic of the Marshall Islands:
1. Prepared statement of Hon. Oscar De Brum, Chief Secretary 69
2. Economic Development Plan Summary 90
Office of Micronesian Status Negotiations: Letter from Ambassador Fred M. Zeder II, to Chairman Seiberling, dated March 22, 1985, responding to your request for a point-by-point commentary on the statement delivered by Delegate Fofo Sunia of American Samoa at the March 7, 1985, hearing on the Compact of Free Association 125
Republic of the Marshall Islands: Letter from Oscar De Brum, Chief Secretary, to Patricia A. Krause, professional staff member, Subcommittee on Public Lands, dated April 1, 1985, responding to questions submitted by the subcommittee in respect to the Compact of Free Association 133
A document entitled "Additional Questions Related to Marshall Islands (With Responses)" 182
Nitijela of the Marshall Islands:
1. Standing Committee Report No. 75 186
2. Bill No. 53 N.D.-1 189
Additional statements and correspondence were also received from:
Republic of the Marshall Islands: Letter from Carl B. Ingram, adviser to the President, to Prof. Jack H. Friedenthal, Stanford Law School, dated September 17, 1984, regarding discussions entering into a formal retainer agreement concerning the Claims Tribunal 209
The Marshall Islands: Letter from Amata Kabua, president, to Chairman Seiberling, dated January 19, 1985, requesting the assistance of your subcommittee in authorizing the continuing availability of certain Federal programs and services during the term of the compact 211

BEST COPY AVAILABLE

Page

Marshall Islands Nitijela: Letter from Evelyn Konou, senator, to Chairman Seiberling, dated December 7, 1984, requesting assistance for the inadequate health care 213

Office of Micronesian Status Negotiations:

1. Letter from Samuel B. Thomsen, Deputy U.S. Representative to Chairman Seiberling, dated April 8, 1985, providing the administration's views with respect to application of environmental laws to a radiological cleanup of Bikini Atoll 215
2. Letter from Ambassador Fred M. Zeder II, to Chairman Seiberling, dated March 27, 1985, transmitting the administration's views regarding the validity of the legal arrangements for espousal of claims in the section 177 Agreement under both the United States and the Marshall Islands constitutions 217

The Marshall Islands: Letter from Amata Kabua, president, to Ambassador Fred M. Zeder II, dated August 12, 1983, transmitting comments pertaining to the constitution and the laws of the Republic regarding its responsibilities under the Compact of Free Association 220

Marshall Islands Nitijela: Prepared statement of Imada Kabua, senator 223

Republic of the Marshall Islands: Letter from Carl B. Ingram, adviser to the President to Patricia A. Krause, professional staff member, Subcommittee of Public Lands, dated March 4, 1985, enclosing information regarding expenditures and appropriations for outer island dispensaries in fiscal years 1984-85 229

COMPACT OF FREE ASSOCIATION

The Proposed Compact of Free Association: The Marshall Islands

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THURSDAY, MARCH 14, 1985

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON PUBLIC LANDS,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to call, at 10 a.m., in room 1324, Longworth House Office Building, Hon. John F. Seiberling (chairman of the subcommittee) presiding.

Mr. SEIBERLING. The Subcommittee on Public Lands will come to order.

Today's hearing is the second to last in the series of hearings that this subcommittee has been holding on the proposed Compact of Free Association which is pending before the U.S. Congress.

This negotiated document, if approved by the Congress, would establish a new political relationship between the United States and the Federated States of Micronesia and the Marshall Islands, two of the four governments in the Trust Territory of the Pacific Islands.

Our focus today will be on the proposed compact as it affects the Marshall Islands as a whole, and for that reason we have invited the Marshalls government to send representatives to testify as well as any individual Marshallese citizens who have not previously testified.

The Marshalls government has been asked to review for us the Educational Program it conducted prior to the plebiscite, to give us an evaluation of the plebiscite itself, to discuss any transitional matters it believes this subcommittee should be aware of, to bring us up to date on the economic and financial situation, including how the government is coping with outstanding debts, and any other items it wishes to bring forward at this time.

Of major concern to this subcommittee, of course, have been the Marshallese people on whom the U.S. presence has had a profound impact. These include the nuclear victims, the people of Bikini, Enewetak, Rongelap, and Utrik, and possibly some other islands.

We had a hearing last May 8 on those four atolls.

It also includes the Kwajalein people to whom the August 9 hearing was devoted; and, I would, incidentally, add that I note with approval that the administration has at last come around to our point of view and yesterday signed an agreement with the Bikini people to clean up Bikini if the compact goes into effect.

I applaud the administration for having the flexibility of changing its position, though it wasn't something that happened overnight.

Besides the Marshalls government representative, I understand we have with us today two senators who represent Jaluit and Kwajalein, plus a number of other Marshallese citizens who wish to make their views on the compact known to this subcommittee.

We welcome all of you. Having been to Micronesia myself, I can appreciate not only the great beauty of that part of the world but the great distances that you have traveled to be with us today.

I'm glad that, by our standards at least, the weather is quite mild, though perhaps it's a little cool on the basis of what you are accustomed to.

Because the Interior Department has administered the trusteeship for over 30 years, we've invited Assistant Secretary Richard Montoya to represent the Department of the Interior and the administration at this hearing.

I'm looking forward to hearing your testimony, but before I do, I'd like to invite any other members who have opening remarks.

Mr. HANSEN. I have no opening remarks, Mr. Chairman.

Mr. SEIBERLING. Mr. Fuster?

Mr. FUSTER. I have no opening statement.

Mr. SEIBERLING. Thank you.

We will proceed with our first witness, the Honorable Richard T. Montoya, Assistant Secretary for Territorial and International Affairs, Department of the Interior.

It's good to see you again, Mr. Secretary. It's been a long road, but it looks like we may be getting to the end.

[Prepared statement of Hon. Richard T. Montoya may be found in the appendix.]

STATEMENT OF HON. RICHARD T. MONTOYA, ASSISTANT SECRETARY FOR TERRITORIAL AND INTERNATIONAL AFFAIRS, U.S. DEPARTMENT OF THE INTERIOR, ACCOMPANIED BY FRANK SOLOMAN, DIRECTOR, TECHNICAL ASSISTANCE PROGRAM, OFFICE OF TERRITORIAL AND INTERNATIONAL AFFAIRS; AND DAVID HIGESTAT, BUDGET DIRECTOR

Mr. MONTOYA. Mr. Chairman, it's a pleasure to be before you.

Before we get started, I would like to compliment you on your fine staff and specifically Pat Krause for having been nominated Woman of the Year by Washington Woman magazine. I think that's indicative of the type of regard that we hold her in, and I wish her the best of luck as we go through the final process.

Mr. SEIBERLING. Well, she's so modest, she never even told me about it. This is the first I'd heard. I certainly think she deserves the nomination. I'm sorry I couldn't make it myself.

Mr. MONTOYA. Mr. Chairman, we, too, are very pleased that we were able to put together an agreement on the Bikini lawsuit and arrive at a settlement.

As you know, on Wednesday, March 13, 1985, attorneys for the United States and the people of Bikini reached agreement on the dismissal of the lawsuit against the Departments of the Interior, Defense, and Energy.

The settlement was based on a commitment on the part of the United States "to use its best efforts to facilitate the steps necessary" to achieve the objectives of rehabilitation and resettlement of Bikini Atoll and to provide refunding for resettlement under the terms of article 6 of section 177 agreement of the Compact of Free Association.

Because of your interest in this, Mr. Chairman, I would like to submit for the record the settlement agreement, which I think might be helpful to us.

Mr. SEIBERLING. Without objection, we will be glad to have that for the record.

[EDITOR'S NOTE.—The above-mentioned settlement agreement may be found in the appendix following Mr. Montoya's prepared statement. See table of contents for page number.]

Mr. SEIBERLING. I commend the administration for making this move.

I note, from the paper at least, that it says it's contingent on Congress approving it, but to the extent that I have any influence, I will do my best to see that Congress does approve it.

Mr. MONTOYA. Mr. Chairman, as we've done in the past, I'd like to have my statement submitted in total, and I will summarize, if I may.

Mr. SEIBERLING. Without objection.

Mr. MONTOYA. Mr. Chairman, we've come a long way since the process started with the Compact of Free Association. I think it's something that has to be pointed out, the attitude of the people of the Marshall Islands in moving the compact process through. They have done a commendable job under the fine leadership, not only of President Amata Kabua but also Chief Secretary Oscar De Brum. Mr. De Brum has traveled many thousands of miles to work through the process of the compact to fruition.

It's not been an easy task. With some of the delays that we've had in the compact process, it's been somewhat of a frustrating task. However, I think that we can see the light at the end of the tunnel.

In your invitation to me, you requested that we touch on transitional needs, plebiscite political education, economic and financial standing of the Marshall Islands, and the Marshalls economic development plan.

As we know, the compact, when it was negotiated by the people of the Marshalls, took into account the Federal programs' termination. This was something that was negotiated by the people of the Marshalls. It was something that was known up front—that Federal programs would be terminated. It's something that they wanted so that they could tailor their programs to their needs rather than having Washington come in and impose categorical grants and their requirements on the people of the Marshalls.

It's important to note also that there are five Federal programs that will continue after compact goes into effect, I think the five that were selected were appropriate for the needs of the Marshall Islands.

In 1979, the United States delegated much of the authority to the people of the Marshalls and the government of the Marshall Islands under Secretarial Order 3039 which gave them authority to

make most of their decisions and be self-reliant and self-determinate.

This has given them an opportunity to start implementing the Federal program changes that are necessary, again, to meet their particular needs in the Marshalls.

The next area of subcommittee concern was the area of plebiscite political education. The plebiscite was held in the Marshalls on September 7, 1983, and the compact received a 58-percent majority vote for approval of the compact.

The Department of the Interior provided $300,000 for the plebiscite, of which $200,000 went for political education.

I would like to quote, in the words of the U.N. observers:

> [W]e were impressed by the systematic and pragmatic way in which the programme had been planned and executed, by the excellent quality of the written material and radio programmes, and by the determination to present a difficult and somewhat dull subject in a lively and interesting manner. . . . [T]he programme was most impressive both in its planning and execution.

Again, we agree with this view. We were very pleased with the way that the political education process went forward in the Marshalls, and, again, we should commend the Marshalls for running a successful program.

The next area on which the subcommittee requested comment was the area of economic and financial standing of the Marshall Islands. We feel that some aggressive actions have been taken by the Marshall Islands on several economic development projects, and on financial issues.

On Air Marshalls, we may not agree with them purchasing the aircraft. It might have been better to have leased the aircraft, but these are just details.

It's interesting to note that the airline is showing an operating profit. I was advised of this by Chief Secretary De Brum 2 days ago, that Air Marshalls is enjoying an operating profit.

The powerplant and fuel bunkering that cost $24 million in Majuro; the copra processing plant, which has shown an increase of I believe it's $3 million—again, very commendable, especially when this is tied to a devastating fire in which much of the copra plant was burned down last year. They are back on their feet, and they are showing a nice profit in that endeavor.

The other side of the ledger is, given these aggressive economic development projects, they have amassed a debt of $37.4 million and have pretty much tied up the first part of the compact for several years to come.

But positive actions by President Kabua to deal with the debt are things that should be noted by this committee, again, showing that there is some strong leadership there that should put them in good stead as they go into posttrusteeship administration.

These areas are renegotiation of the loans, an austerity program—which we have been talking about during my tenure as assistant secretary—these have been accepted and implemented by President Kabua—local income tax increase, import taxes doubled, health service fees increased, utility bill collections to be increased with the aid of a Department of the Interior funded computer that we put on line last year, government hiring freeze, and government travel limits. These are going to reduce the size of govern-

ment, hopefully, and help them live within their anticipated budget.

Again, the copra plant earnings rose from $2 million in 1983 to $5.4 million in 1984.

The other good news regarding the Marshalls is that they are meeting their debt service obligations. They are paying more on medical referral debts than any other trust territory government, and they have hired a public auditor, who has issued for the first time a Marshall Islands annual financial report.

Again, this is a first for any of the local trust territory governments and is indeed worthy of notice by the committee.

Last year, we entered into an agreement and provided some technical assistance funds to allow E.F. Hutton to go in and do a cash-management review of the funds that were going through the Marshall governments. This was very successful, and we expect to expand it to the other trust territory entities and possibly even the U.S. territories.

This has resulted in a preliminary savings for the Marshall Islands of up to $100,000. It's just prudent cash management that, once compact funds come into effect, could save them upward of $1,000,000.

Offshore banking problems were identified. The comptroller's office moved into the Marshalls, worked very closely with the leadership in the Marshalls to include the Nitijela. They took remedial action. The Nitijela passed some regulations that will correct, we feel, the offshore banking problems that we've been reading about in the past few months.

The onshore banks, we feel, must be properly insured to safeguard compact moneys and develop credibility within the international banking sector, so that the Marshalls won't experience any problems as the compact moneys come in.

Banking is definitely a key to economic growth and viability in the Marshall Islands, and that's an area we hope we can work together with them on to identify some of the things that need to be done in that sector.

I was advised by Chief Secretary De Brum that they have got a bank advisor that will be coming in within the next few months to work with the Marshall governments, and, again, that's worthy of note and compliment.

The other area is hospitals. We have a hospital that we hope will be coming on line this year. The Marshalls government took the bull by the horns, so to speak, and has contracted out operations and maintenance of that hospital, which we feel will provide great efficiency and provide a good institution for the Marshalls residents.

Through our Technical Assistance Program, we provided funding to the Marshalls government to hire a city manager for Ebeye, and that individual left the mainland 2 weeks ago. He should be starting in his new job as manager of Ebeye within the next few weeks.

The development plan, Mr. Chairman, was received by us in January; it's currently under review. Staff advises me that, for the first time, a long-range planning directed by Marshallese instead of outsiders has been undertaken, and it looks like it's a good docu-

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ment that's realistic, and well thought out and can be followed by the Marshalls government after the compact is implemented.

It's with all of these positive accomplishments that I sincerely come to this committee, Mr. Chairman, and say that I am very optimistic about the future of the Marshalls during the compact period.

I think they have done a good job, they've done an efficient job, and we certainly commend them for all their hard decisions.

Thank you, Mr. Chairman.

Mr. SEIBERLING. Thank you, Mr. Secretary.

I appreciate the informative statement. I do, of course, have some questions.

First of all, as you may know, the Ways and Means Committee has written the Speaker indicating that they may request sequential referral of the compact because of various tax and trade provisions in it.

That, of course, may eventuate into possibly some changes by Congress in some of those provisions. It's too early to say, but there are some concerns.

Perhaps the State Department is in a better position to answer this than the Interior Department, but do you foresee any problems if that turns out to be the case?

Mr. MONTOYA. Well, we hope that this does not bog down the process.

Mr. SEIBERLING. We certainly will do everything we can to prevent it from bogging down the process, but assuming it doesn't bog it down but it results in some material changes in those provisions, which may even be adverse to the new governments, do you have any offhand reaction to that?

Mr. MONTOYA. I have a positive attitude, and I think the positive attitude is one that's shared by the administration, Mr. Chairman. There has to be a deal in there that would be acceptable to the Marshalls as well as the Federated States of Micronesia and to Ways and Means.

It's with that type of attitude that we're going to go into that process, if in fact it does come to pass.

Mr. SEIBERLING. I'm determined to do all I can to see that we make adequate provision for these new governments and their people.

So there may be offsetting pluses that would be a quid pro quo for any minuses, but it does mean that we are confronting the possibility of a compact which has some changes on both sides and affect both sides.

Mr. MONTOYA. I've been advised, again, by Chief Secretary De Brum, that there is a provision within the compact for some minor changes in the compact that can be negotiated.

In discussing the possibility of Ways and Means, I raised this point, and this might be something that the chairman would like to pose to Chief Secretary De Brum when he comes up to testify.

Mr. SEIBERLING. I will do that. They may be minor, and they may not be minor. What some people might view as minor others might consider major. So I just can't say at this point what we would be facing, but I think it's important that some thought be given to that.

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I take it that the Interior Department is satisfied that the Marshalls government conducted a plebiscite that was long enough and done in a manner so that all Marshallese citizens had access to information on the compact that would enable them to vote in an intelligent way. That's in effect what you're telling us; is that correct?

Mr. MONTOYA. Yes, sir, it is.

Mr. SEIBERLING. And you've pretty well covered your general reaction to the Marshall Islands government's economic and financial standing at this time.

Are you satisfied that the Marshalls government is acting responsibly as far as its debts are concerned?

Mr. MONTOYA. Yes, sir, I am.

We have had good discussions with the Marshalls. Al Fowler, who is handling the finance end of it for the Marshalls government, is one of the most talented leaders in the Marshalls, and, with the guidance of President Kabua, I think they are making almost on-the-spot corrections to tighten up their operation and to make that government as efficient as possible.

It, again, is important to note that as we had shortcomings and as we had concerns regarding debt and some of the other activities that the Marshalls got involved in, unilaterally, as we raised these concerns, they reacted almost immediately in trying to resolve these concerns of the Department of the Interior.

It's this type of objectiveness and responsiveness that we appreciate, that we feel very comfortable with.

Mr. Chairman, before we get too far, I would like to introduce members of my staff at the witness table with me today: Frank Soloman, our director of technical assistance; and Mr. Dave Higestat, our budget director.

Mr. SEIBERLING. Thank you. We appreciate that very much.

I have some other questions, but I've used up my 5 minutes.

Mr. Hansen?

Mr. HANSEN. Thank you, Mr. Chairman.

I just appreciate the excellent testimony. I've just read your statement here. As usual, you did a great job. I can see that you've had an awesome task in putting this together. I'm glad to see the culmination of this and appreciate your being here today. Thank you so much.

Thank you, Mr. Chairman.

Mr. MONTOYA. Thank you.

Mr. SEIBERLING. Mr. Fuster.

Mr. FUSTER. No questions, Mr. Chairman.

Mr. SEIBERLING. All right. Well, I have a few more.

According to our information, the Marshalls' 5-year economic development plan starts off with a shortfall of some $79 million. How are they going to manage that?

Mr. MONTOYA. Well, again, this is what my the interagency group is doing right now, reviewing that economic development plan.

We would have to get back to you, Mr. Chairman. We received that about 2 weeks ago, and our review is not complete as yet.

[EDITOR'S NOTE.—Response to Chairman Seiberling's question may be found in the appendix, under cover of a letter from Assist-

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ant Secretary Montoya to Chairman Seiberling, dated April 11, 1985. See table of contents for page number.]

Mr. SEIBERLING. So, in other words, you're not prepared to even comment on the $79 million shortfall.

Is that a correct figure, by the way?

Mr. MONTOYA. I believe it is.

Mr. SEIBERLING. Well, it's 78 point something, but I mean it's in the ballpark?

[EDITOR'S NOTE.—In response to Chairman Seiberling's inquiry the Department subsequently supplied the following information:]

At February 25, 1985, budget oversight hearing, Oscar De Brum, testifying on behalf of the government of the Marshall Islands, said the following:

I note that the plan (national development plan) has identified the shortfall of $78.3 million in funding available for projects to be implemented during the next five years. This includes $43.3 million for the Kwajalein Atoll development authority, and $35 million in other government projects. The supplemental budget request which we present today will make up part of the shortfall. We intend to seek foreign aid to fund the remainder of the shortfall.

Mr. MONTOYA. I'm advised by the Marshalls representative that it's $35 million, Mr. Chairman.

Mr. SEIBERLING. What role did the Department play in helping the government of the Marshall Islands write its 5-year economic development plan, and who in the Department were responsible?

Mr. SOLOMAN. Mr. Chairman, the plan was put together by the Marshall Islands government themselves. It's a plan that represents their future desires and wishes.

We stood by to assist them and offered our help, and they are appreciative of that, but they put the planning document together with their own staff and people.

Mr. SEIBERLING. All right. Well, now, you are reviewing it. We would like to have some input into the approval process, if possible.

Can you tell us now, or within 1 week or so, exactly what steps you expect Congress—or what involvement you expect Congress to have in the approval process?

Mr. MONTOYA. Yes, Mr. Chairman, we will.

[EDITOR'S NOTE.—Response to Chairman Seiberling's question may be found in the appendix, under cover of a letter from Assistant Secretary Montoya to Chairman Seiberling, dated April 11, 1985. See table of contents for page number.]

Mr. MONTOYA. As we have always done, or I hope we have always done, we have worked very closely with staff on items that the chairman has raised as areas of interest.

We will have an interagency review in the administration, and, again, that's the process that's ongoing right now.

Mr. SEIBERLING. All right. Staff has some additional questions.

We have been informed that the people of Rongelap, who live on Rongelap Island, are planning to move to Ebadon in Kwajalein Atoll next month, and they're moving because they don't believe Rongelap Island is safe to live on.

They have presented us with a medical report by a doctor who has been out there that, based on a rather extensive survey of the population of Rongelap as well as some other islands, that he feels that it is not safe.

Has your office looked into this?

Mr. MONTOYA. Yes, sir, we have. By that, I mean through the Department of Energy.

We are aware that the people of Rongelap are concerned about radiation on Rongelap, and we are aware that there's a move afoot to move the people over to the small island of Ebadon in the northeast corner of Kwajalein Atoll.

I've been advised that there's a shelter that's under construction currently, but, again, I defer to the Department of Energy, which tells us that it's safe and that the background radiation is less than that we have right here in Washington, DC.

Mr. SEIBERLING. Well, it isn't the background radiation, as I understand it.

The problem is that—and I read part of the medical report—Dr. Hamilton examined the thyroids of a large number of the population—I think it was 7,000 people—not only the people of Rongelap but of some of the surrounding atolls, and on the basis of enlarged thyroids, which indicates the degree of radio-iodine that they received in the initial fallout, he apparently has extrapolated from that the amount of more long-lived radio-isotopes that must have fallen on each of those islands, and that it's much higher than the DOE's figures have indicated. And apparently earlier reports that we have also been given a copy of were the ones that made the Rongelap people feel that they ought to move, and Dr. Hamilton's more recent report was confirmatory of that.

It's very important that we have an analysis of that, and I think we're going to recommend—in fact, we have recommended to the Budget and Appropriations Committees that money be appropriated for an independent study, not by DOE, to verify the correctness or incorrectness of those conclusions.

I might say that the DOE and its predecessor, AEC, have a very bad track record on this. My memory goes way back to the fallout issue under the Eisenhower administration in which they repeatedly lowered their estimates of what was a safe amount of fallout.

More recently, of course, we had them approving moving the people of Bikini Island back to Bikini only to find, a few years later, that it was not safe.

So I can understand the unease of the people of Rongelap, and it's a serious issue which we must address.

Mr. MONTOYA. Mr. Chairman, I agree it's a serious issue, but if my memory doesn't fail me, what I remember of the Bikini issue is that it was certified as safe, with conditions. Those conditions were that the Bikinians not eat the locally grown cocoanuts, breadfruit, and the like. When those admonitions were not followed, that's when we started getting into trouble.

Mr. SEIBERLING. Well, it's like saying that Eden was certified as safe to Adam and Eve if they didn't eat the forbidden fruit. That's how we all got here. [Laughter.]

Mr. MONTOYA. Well, thank God for apples, I guess. [Laughter.]

Mr. SEIBERLING. What we want is apples that keep the doctor away.

Mr. MONTOYA. In April 1983, DOE officials participated in a town meeting on Rongelap and further distributed study results that were in a booklet.

Again, according to DOE reports, the results were as follows: The external dose rate for the southern residential islands of Rongelap is comparable to many areas of the mainland United States. On the main residential island, Rongelap proper, the external dose rate is in a range about half of the average for Washington, DC.

I guess the bottom line is, there are going to be differences in figures and how these studies are conducted.

I, of course, am given the information that's provided by the Department of Energy, and I tend to believe that their figures are somewhat accurate.

It could be that during the ensuing years their approach to the testing has increased substantially. Again, there are going to be differences of opinion.

Mr. SEIBERLING. My staff will provide your office after this hearing with copies of the studies that we have received, and we would appreciate if your office, in consultation with the Department of Energy, would take a look at these studies and respond to this subcommittee in writing by March 29, if possible, as to why the U.S. Congress should not appropriate money to conduct an independent radiological dose assessment study of Rongelap Island and the food chain to determine whether it's safe to live there and eat the food.

If we could have that, we'd appreciate it.

We feel that that would only be a preliminary analysis. We're not asking you to do the thing all over again but to tell us whether you think an independent study would be appropriate on the basis of the information.

Mr. MONTOYA. Very good, sir.

Mr. SEIBERLING. Can you do that, do you think?

Mr. MONTOYA. Yes, sir.

Mr. SEIBERLING. All right.

[EDITOR'S NOTE.—Response to Chairman Seiberling's question may be found in the appendix, under cover of a letter from Assistant Secretary Montoya to Chairman Seiberling, dated April 11, 1985. See table of contents for page number.]

Mr. SEIBERLING. Now, just a couple of other general questions.

Do you think that the U.S. Government has fulfilled its commitments under the U.N. trusteeship agreement as far as the Marshall Islands are concerned?

Mr. MONTOYA. Yes, sir; I do.

Mr. SEIBERLING. Do you think there are any obligations that are still not completely fulfilled?

Mr. MONTOYA. I think that within the compact, what has been provided, in addition to the long commitment that we've had to provide for capitals for the governments, that that pretty much fulfills our commitment to the Marshalls.

I would call your attention to the enhanced O&M program that is now under way, and it's working well.

During this final phase, we plan to continue to work with the Marshalls government, and to impress upon them—and I think the case has been made, as proven by many instances of their contracting out of operations and maintenance—the importance for a comprehensive maintenance plan for all of the capital projects that have been provided by the United States for the past several years.

That, coupled with the additional $4 million that the chairman made available to the northern atolls, I think, fulfills our commitment, Mr. Chairman.

Mr. SEIBERLING. Do you think the Marshalls government is adequately prepared, staffed, and funded, under the compact terms, to enter into the freely associated state?

Mr. MONTOYA. With some tightening up of banking regulations, Mr. Chairman, some provisions for ensuring the funds in the onshore banks, and to continue to enforce the existing regulations that the Nitijela has just put into effect, yes, sir, I do.

I think they can do quite nicely under compact.

Mr. SEIBERLING. Do you have any reservations, other than those you've already expressed?

Mr. MONTOYA. No; I don't.

Mr. SEIBERLING. Do you have any other comments that you'd like to share with us? This is a kind of last chance.

Mr. MONTOYA. The only comment I would make is, again, complimenting the delegation from the Marshalls and the leadership of President Kabua.

As the record has stated several times from me, I have the utmost respect for the leadership in Micronesia, not just President Kabua but President Nakayama as well.

These are men that have taken control of their governments. Having inherited bloated governments from the trust territory, they've started to trim them back to a size that's better suited to their needs.

I think that the only shortfall that the U.S. Government has had is when we turned over the authority to the constitutionally created governments in 1979, we didn't trim back the size of government and allow them the option to come back and hire those people that they felt were needed.

But with that exception, Mr. Chairman, I think that the Marshalls are well prepared to move into compact, and I think that they'll do quite well if they continue with these austerity measures so that they can afford to move to another phase.

Mr. SEIBERLING. Thank you very much.

Mr. Fuster, do you have any other questions?

Mr. FUSTER. No, thank you, Mr. Chairman.

Mr. SEIBERLING. Well, thanks very much, Mr. Secretary. We always appreciate the candor and straightforward way you approach our committee, and we'll try to respond in similar kind.

Will you keep somebody here from the Department to answer questions if we have some others that come up?

Mr. MONTOYA. Yes, sir. Larry Morgan will stay to answer any other questions.

Mr. SEIBERLING. All right. Thank you.

Mr. MONTOYA. Thank you.

Mr. SEIBERLING. Now, before we proceed with the next witnesses, I'll invite some more of the standees who've arrived to take advantage of the lower tier seats here.

You might as well be comfortable. We're going to be here a while. You're invited to come up and utilize the seats in the lower tier, or, if you want to take the end seats on the upper tier. I'll give you time to take advantage of my last-chance offer.

Our next witness is the Honorable Oscar De Brum, Chief Secretary of the Marshall Islands government.

Welcome, Mr. Secretary. It's a pleasure to see you. We're looking forward to hearing your testimony.

[Prepared statement of Hon. Oscar De Brum, with attachments, may be found in the appendix.]

STATEMENT OF HON. OSCAR De BRUM, CHIEF SECRETARY, MARSHALL ISLANDS GOVERNMENT, ACCOMPANIED BY JACK MAYKOSHI, FEDERAL PROGRAMS COORDINATOR; H.M. GUNASEKERA, CHIEF PLANNER; AND CARL B. INGRAM, ADVISER TO THE PRESIDENT

Mr. DE BRUM. Thank you, sir.

Mr. SEIBERLING. Mr. De Brum, I note that this is a very lengthy statement. I presume you don't plan to read the whole thing.

Mr. DE BRUM. That's correct, Mr. Chairman. Thank you very much.

Mr. SEIBERLING. Without objection, we'll include it in its entirety in the record, and you're invited to give us whatever highlights you feel are appropriate.

Mr. DE BRUM. Thank you very much, sir. We intend to do that.

Mr. Chairman, first of all, on behalf of President Kabua and the government and people of the Marshall Islands, I want to thank you and the committee members for this opportunity to testify on what is very important matters in our life, the subject of the Compact of Free Association.

We would urge, Mr. Chairman, that this committee also assist with expeditious approval by the U.S. Congress of this Compact of Free Association.

Before I proceed, Mr. Chairman, I want to thank Secretary Montoya for the kind words that he expressed concerning the government in general of the Republic of the Marshall Islands and his opinion as to how we can assume the responsibilities under the Compact of Free Association with the United States.

We also join him in expressing our congratulations to Pat for being nominated as Woman of the Year by a certain group here. I think it's a worthy nomination. We congratulate her.

Mr. Chairman, because this is the first time that we have been officially called to testify on the Compact of Free Association, this is why our presentation is this thick.

However, as you said, I will skim through and highlight certain areas that we feel deserve special recognition, but thank you for accepting this as a record for the committee.

It has taken us 15 years, Mr. Chairman, of sometimes difficult negotiations to successfully conclude the Compact of Free Association.

Where the interests of the Marshall Islands and the United States differed, they were closely examined, and accommodations were made.

As divergent views with the Marshall Islands came to the forefront, they were examined and, again, often incorporated into the negotiating process.

Through this process, Mr. Chairman, the Marshall Islands have consistently sought a unique political status of free association with the United States which include the following.

One is recognition of the right of our people to adopt and amend their own constitution; recognition that sovereignty over the Marshall Islands resides in the people of the Marshall Islands and their duly constituted government; and the recognition that the people of the Marshall Islands possess the right of self-determination and may, therefore, choose independence or self-government in free association with the United States, and the recognition that the Marshall Islands may unilaterally terminate this free association.

Under the compact, Mr. Chairman, as negotiated, these objectives have been met.

We would be the first to say that—not to say that the compact is a perfect document. The compact, by its very nature, is a document of compromises which was based on the principle of reciprocity. However, the people of the Marshall Islands believe that free association under the compact is a fair and equitable relationship.

On September 7, 1983, 77 percent of the registered voters of the Marshall Islands cast their ballots in the compact plebiscite. A 58-percent majority of those people voted and approved the compact and its related agreements.

In October 1983, the Nitijela, our parliament, after carefully studying the compact, approved it by a 20–5 vote. Concurrently, our Cabinet unanimously approved the compact.

By such actions, the compact and its related agreements were approved by our government, pursuant to the constitutional processes.

In recognition of the special interests of the people of Bikini, Enewetak, Rongelap, and Utrik, the government of the Republic of the Marshall Islands included their representatives within its delegation to the nuclear claim negotiations.

Similarly, in recognition of the special interests of the Kwajalein people, the government included their representatives within its delegation to the military land use negotiations.

As a result, the nuclear claim agreement and the military land use agreement, as concluded, incorporate input from these Marshallese most directly affected.

We also note, Mr. Chairman, that from 1969 through 1973, members of the opposition party represented the Marshall Islands in the status talks, and, at the invitation of President Kabua, members of the opposition party participated in the Maui round of negotiations in October 1981.

As to the Compact of Free Association, Mr. Chairman, although you and the subcommittee have examined the compact and its related agreements in detail, I would like to briefly summarize what the compact means to the people of the Marshall Islands.

First and foremost, the compact recognizes that, through the exercise of our sovereign right to self-determination, we have created a constitutional government, approved the compact, and have authority and responsibility over our internal and foreign affairs. This, sir, is very important to us.

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Although we will remain part of the American family, we will be self-governing. We are a sovereign people, and the trusteeship will terminate.

Under the economic provisions of the compact, we shall have control over our economic development and tools with which to be successful.

With the financial, trade, and tax provisions of the compact, we can plan for the future and address our present needs. This includes not only development of our population centers but also outer islands as well.

We will be able to provide to our islands the infrastructures and services they need to encourage their communities to grow and remain an attractive place in which to live and to work.

Already, we have constructed 20 airstrips throughout the Marshall Islands, and we are providing passenger, freight, and medical referral services to outer islands.

Mr. Chairman, for the generosity the United States has shown to us in the compact negotiations and during the trusteeship period, we are indeed grateful.

So that you shall be aware of how we intend to use our development funds during the compact period, we have provided you with a copy of our initial 5-year plan of our 15-year Compact Development Program.

For your convenience, we have attached with this summary a summary of the plan to this statement, along with an analysis of the plan by the independent press of the Marshall Islands.

I note again, the current plan covers only the initial 5 years of the 15-year development program.

We are in the process of developing a plan in respect to the remaining 10 years of the compact period. This document will identify broadly the issues of the development that the Marshall Islands will face during the upcoming period and a strategy which will address them effectively.

Under the security and defense provisions of the compact and its related agreements, we will be blessed with the guarantee of a stable environment in which our economy can grow and our government can mature.

These provisions grant to the United States full authority to carry out its responsibility for the security and defense of the Marshall Islands, including the authority to deny access to the Marshall Islands by military forces of third countries.

In this connection, I note that although the United States will have broad authority for security and defense matters, it is intended that such authority will only be exercised in good faith and subject to the provisions of the compact and its related agreements, which are including but not limited to the compact sections 311, 313, 351, and 352. It is not intended that this authority could be exercised in an arbitrary or capricious fashion.

Mr. Chairman, in brief, this is how we view the compact. The clear benefit to both our governments underline why the compact should be expeditiously approved.

At this time, I should like to discuss in some detail aspects of the compact and related issues which I know are of concern to this committee.

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One is the military use and operating rights agreement, the nuclear claims agreement, the plebiscite education program, the financial status and economic development of the Marshall Islands, transitional matters, and effects of the compact on the territories.

First of all, on the military use and operating rights agreement—what we term "MUORA"—the main features of the MUORA are as follows, as we see it.

For the sum of $9 million annually—that is $7.1 on section 211, and $1.9 on section 213—the United States, for an initial term of 15 years, will have free access to, and unrestricted control of, a designated defense site on Kwajalein Atoll, and the United States will control entry and movement of people within those midcorridor areas described in this memorandum of understanding.

At the option of the United States, its use rights on Kwajalein Atoli can be extended for another 15 years.

An annual payment of $9 million would continue, and there would be a one-time payment of $2.5 million.

Under the earlier version of this agreement, the United States could extend its use right for 35 years. The option term was shortened at the request of the Kwajalein landowners.

In the exercise of use rights, the United States must use its best effort to avoid harm to the people and the environment and commerce of the Marshall Islands.

Should the United States need additional land within the Marshall Islands, the United States may request the government of the Marshall Islands so that it provides such land by lease or other arrangements.

The government of the Marshall Islands will sympathetically consider any such request and shall provide prompt response, although the government is not required to provide the requested land.

There shall continue to be a community relations council as one of the provisions of the MUORA, a community relations council with representatives from the Government of the United States, the government of the Marshall Islands, and the government of the community of Kwajalein.

This community relations council shall identify and consider all matters affecting the relationship between the defense side and Kwajalein Community and shall recommend ameliorative actions as appropriate.

The Marshallese now working on the defense site will continue to be employed at the United States pay scales, and all Marshallese employees, including new hires, shall receive equal pay for equal work.

The sum received by the government of the Marshall Islands under the MUORA shall, pursuant to the separate agreement entered into between the government of the Marshall Islands and Kwajalein landowners, be passed through to the landowners.

We have gone on record and explained what these payments are over the years.

As Kwajalein Atoll local government Mayor Alvin Jacklick testified before this committee on February 25, 1985, he made a statement before this committee that significant improvements had been made on Kwajalein Atoll. These improvements are the results

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of the civil project funded by the United States under the interim use agreements, the Capital Improvement Project Program, and grants from the Environmental Protection Agency.

Incidentally, we greatly appreciate their assistance.

Since Mayor Jacklick had gone into detail, it has been made part of this record of the committee now of these developments, so I shall not go into them in the interest of saving time.

I do want to say that the progress resulting from these projects will, under the direction of KADA—Kwajalein Atoll Development Authority—be continued, with $71 million in Kwajalein development funds as described above from the compact funding.

On the nuclear claims agreement, Mr. Chairman, I'd like to go into this a little bit more in detail, as I know this is one of the subjects that is dear to the hearts of the committee—the chairman and the committee members.

Between 1946 and 1958, the United States detonated 66 nuclear weapons at Bikini and Enewetak Atolls, contaminating to the extent at least 13 islands and atolls in the Marshall Islands, causing the dislocation of 167 Bikinians and 134 Enewetakans, and subjected the other Marshallese, including 253 Rongolapese and Utrikese, to damaging levels of radiation.

As a result of such radiation exposure, thyroid abnormalities have been developed among the affected people. To this day, the U.S. Department of Energy is still monitoring the program and are still treating these people.

We have gone down in detail, Mr. Chairman, explaining that on the effective date of the compact, the United States will pay to the Marshall Islands $150 million. This sum will be invested by the Marshall Islands in perpetual funds that will yield $18 million per year interest for each of the first 15 years.

The fund and its earnings cannot be, without the consent of the Government of the United States and the Marshall Islands, used or pledged for any other purpose than address the unique needs of the people of the Marshall Islands as a result of the Nuclear Testing Program.

From the funding in the first 15 years, the government of the Republic of the Marshall Islands shall receive $2 million annually to purchase from the United States services to assist government, including in its health care system, Health Care Program, and services related to the consequences of the Nuclear Testing Program and contemplated in the U.S. Public Law 95-134 and U.S. Public Law 96-205.

Such services can include the continuation of the U.S. health care activities in the Marshall Islands initiated prior to the effective date of the compact.

During the first 15 years of the fund, the people of Bikini, Enewetak, Rongelap, and Utrik will received a guaranteed total of $183,750,000 in quarterly payments as follows: To the people of Bikini, $75 million; to the people of Enewetak, $48.75 million; to the people of Rongelap, $37.5 million; and to the people of Utrik, $22.5 million.

These funds will be distributed through the local council for each one of the above accounts. They will be the distributing authority.

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We have gone down on record also to explain to you, Mr. Chairman and the committee members, the breakdown of each one of these in terms of the economic level and family earnings for comparative purposes, and we have justified all these explanations in writing.

It's too lengthy a document, but if you should have any questions concerning this testimony, we will be very, very happy to answer them.

One important message of this comparison, Mr. Chairman, is that for the Bikinian people and Enewetak people, we have outlined the amount of money, ex gratia payment, that they are to receive as a compensation for the damages that they sustained as a result of the U.S. Nuclear Testing Program throughout the Marshall Islands.

Under the provision of the nuclear claims agreement, the Marshall Islands government can request of the United States the continuation of the Enewetak agriculture, food supplemental programs, and for continuation of the Bikini Food Supplemental Program.

Should the people of Enewetak and Bikini decide to dedicate a portion of their claim funds for the continuation of these programs, it is the intent of the government of the Marshall Islands to enter into the necessary contractual agreement with the United States on a reimbursement basis to provide these services.

Also, the important thing, Mr. Chairman, is a claim tribunal which will be established for the adjudication of the uncompensated claims raised during the first 15 years of the fund.

A total of $45.75 million will be available to the tribunal for the payment of any such claim of the people of the above-mentioned atolls or any other Marshallese.

The tribunal will be established by the government of the Marshall Islands but will be independent of its executive and legislative branches.

It is also contemplated that the original sum of $150 million remain intact after the first 15 years and that up to 75 percent of the interest earned by the fund will be available to the claim tribunal to pay uncompensated claims, if any.

Interest earned by the fund but not requested to make the above mentioned payments shall be made part of the fund for use by the government of the Marshall Islands for other programs and services of the people of the Marshall Islands as their unique needs and circumstances resulting from the Nuclear Testing Program may require, including the continuation of the health and radiological monitoring program now provided by the U.S. Government.

This agreement, Mr. Chairman, will settle all claims of the Marshallese people against the United States as a result of the Nuclear Testing Program, and no U.S. court will have jurisdiction to entertain such claims. Claims now pending in the U.S. courts will be dismissed.

The present nuclear claim agreement is a significant improvement over the earlier one which provided only $150 million over 15 years. The new agreement provides $420 million over the same period of time.

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For those Marshallese and their dependents who suffered the loss and damage to the property and person as a result of the Nuclear Testing Program, this settlement compares very favorably to the settlement obtained by the U.S. servicemen claiming injuries as a result of the exposure to agent orange, and it compares favorably to a court judgment obtained by families of those exposed to the radiation from the nuclear testing within the United States.

A segment of these Marshallese affected by the Nuclear Testing Program contends that the level of compensation under the revised nuclear claim agreement is not sufficient.

We ask that you consider these claims, although we believe that the revised agreement is not only competitively a good settlement, it is fair.

These additional claims, or, rather, requests, are set forth below.

With the conclusion of the nuclear claims agreement in June 1983, the Compact of Free Association and its related agreements were put to the plebiscite of the people on September 7, 1983.

The plebiscite was preceded by an extensive education program which included frequent radio broadcasts and meetings sponsored by a nonpartisan plebiscite task force.

Incidentally, Mr. Chairman, the technical expert that we contracted to help us with the Plebiscite Education Program is now currently in this room, Bro. Henry Schwalbenberg. He has done an excellent job, as echoed by the U.N. observation team as well as other observation teams. I'm grateful to him for the help he has given us in that education process.

These meetings were attended by many Marshallese, 4,495—30 percent of the estimated number of the eligible voters.

The task force team visited almost all of the populated centers in the Marshall Islands as well as five cities in the United States where Marshallese students reside.

During the plebiscite program, procompact and anticompact forces also made radio broadcasts, issued newspaper advertisements, and held rallies throughout the Marshall Islands.

The government of the Marshall Islands can say with confidence that everyone who wanted to learn about the Compact of Free Association and its related agreements certainly had an opportunity to do so, and many did.

On September 7, 1983, over 10,000 Marshallese—60 percent of the eligible voters—participated in the plebiscite.

In response to part one of the plebiscite ballot, the compact and its related agreements were approved by a 58-percent majority.

The result represents the free and informed sovereign act of self-determination by the people of the Marshall Islands and provided the basis for the termination of the trusteeship and the implementation of the compact.

In response to part two of the plebiscite ballot, for your information, less than 30 percent of the voters indicated a preference for any political status other than free association.

In the event free association was not approved at that time, more or less 5 percent of the voters indicated a preference for either independence or commonwealth.

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The results of the plebiscite proved that those who advocated commonwealth or independence for the Marshall Islands do not have the support of the people.

The people of the Marshall Islands have spoken, and they have chosen free association as set forth in the compact.

Let me share with you just for a few minutes, Mr. Chairman, the words of the U.N. visiting mission which observed the Marshall Islands plebiscite. This is recorded in the 54 sessions document of May and June 1984, a document of the United Nations. I will repeat this briefly.

Their observation included comments—and I quote—

> A very lively political campaign accompanied the plebiscite. It was fought fairly. There was no violence, and everyone was able to express his or her views freely and openly.

No. 2 comment—and I quote it again——

Mr. SEIBERLING. Mr. Secretary, I have read the comments, and we are going to put the whole thing into the record. In the interests of time, may I suggest that we not read all the quotes.

Mr. DE BRUM. Very well, sir, Mr. Chairman.

Thank you very much for putting it as part of the record.

I also have, since the committee specifically wanted to know the financial status and economic development of the Marshall Islands, as iterated by Secretary Montoya—we do believe that we have made improvement in our financial management and have been able to sustain our financial integrity through the exercise of various controlling measures and austerity measures, again, as recognized by Secretary Montoya.

We have been able to pay our debts and pass expenditure obligations. again, as recognized by this statement and as recognized and endorsed by Secretary Montoya.

I do want to say that the parliament, the Nitijela, is continuing to pass legislation that requires stringent control and use of public funds.

We do now have an auditor general, who has been hired, who has submitted for the first time records of the expenditures of the Marshall Islands for examination by the U.S. Government.

We do hope that the statement for next year, which will be submitted in regard to the expenditure of the government, shall have been audited first by the auditor general.

Mr. Chairman, we have taken other measures to improve our financial situation. For instance, we have raised the health services charges—schedule of collections and charges, and also we have created the Marshall Electrical Company, which will assume some of the functions of the government. This is our process to dole out the governmental function to the private sector, which can effectively assume the responsibility.

We continue to improve the financial management of our capabilities, and we are grateful to the Secretary of the Interior for the technical assistance that they have been able to provide to us from time to time.

We do feel also that in the economic development, Mr. Chairman, we have made great strides in implementing economic devel-

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opment as outlined in the 5-year plan that was submitted to this committee for examination.

We have mentioned that our copra processing plant has made a profit, and only through the effort of the powerplant which was constructed we were able to make all these economic developments possible.

We have recorded many aspects of the benefit of these developments in the records that have been submitted to the committee.

I do want to mention some of the transition matters, Mr. Chairman, because I do believe—and I beg to differ with the secretary when he said that he felt that the United States has met their commitment—their total commitment before the termination of the trusteeship and compact approval.

We do feel that a lot of the U.S. commitments have not yet been met, aside from the commitment, that is, made in the Compact of Free Association.

We have also requested that some transition funding be made available which includes $900,000 for a hospital and $700,000 for a dispensary program, and $1,100,000 for a technical assistance program.

We also requested that consideration be given to the liquidation of a portion of our fiscal year 1982-83 medical referral funds, which is $1 million, with the Tripler General Hospital.

We have also listed some other assistance that we thought we need whose commitments have been made but have not been met by the U.S. Government. These items have been included in our presentation.

I feel, Mr. Chairman, that I must mention the effect of the compact on the territories, because although we appreciated the support given to us by everyone who testified on the effects of the compact on the territories, we are particularly appreciative to Governor Bordallo and Congressman Blaz for the support they have given us for the Compact of Free Association before the committee.

In the subcommittee's March hearing in respect to the effect of the compact on the territories, many of the territories representatives' expressed support for the compact. We duly appreciate that, and we want to register our appreciation.

In the hearing, concerns were voiced regarding the impact of the compact on flag territories and Hawaii. The main concerns raised included the impact of immigration from the freely associated states to Hawaii and Guam and the shift of business from the flag territories to the freely associated states because of the trade and tax incentives provided under the compact.

I just want to say, Mr. Chairman, that in regard to the immigration issue, the solution most often suggested by the committee members and witnesses was impact funds to Guam and Hawaii. Such action may indeed be appropriate.

I do believe that, because the population of the Marshall Islands is so small—35,000 in total—the possible impact on Hawaii, with a population of 1,039,000, and Guam—160,000—would be insignificant.

According to the U.S. administration, Mr. Chairman, only 3 percent of the trust territories citizens have immigrated to the United States.

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I note also that under section 141 of the compact, the freely associated citizens are subject to nondiscriminatory limitations on their right to establish habitual residence in a territory or possession of the United States.

So, I do believe, Mr. Chairman, that there are provisions already in existence to control migration that would be considered burdensome and unbearable in the territories and the United States.

As to the issue of tax, Mr. Chairman, and trade incentives, the subcommittee members and nonadministration witnesses stated that the flag territories should be accorded at least the same tax and trade incentives the freely associated states will receive.

No one can argue with that proposition, Mr. Chairman. As freely associated states, we know that, although we will remain part of the U.S. family, we will not be so close as are the territories. Even now, we do not share the benefits accorded to the territories. The standard of living we enjoy is much lower.

According to the U.S. Census Bureau, the average mean family income of the flag territories ranged from $14,000 to $7,000 in various places, compared to $1,926 in the Trust Territories of the Pacific Islands, including Palau, the Marshalls, and the Federated States of Micronesia.

Whether any of the flag territories would be prepared to trade their relatively high standard of living for the benefit of free association is a question that we cannot answer.

We do believe that it is appropriate for the freely associated states to receive from the U.S. benefits that are not afforded to foreign countries. This would include trade and tax incentives to encourage U.S. companies to engage in business in the freely associated states.

Such activities will promote close ties between the United States and the Pacific Basin which will, in turn advance the security interests of the United States as well as the freely associated states.

Just a brief note on headnote 3A, Mr. Chairman. Again, as we explain in this letter, we do not believe that this will create any impact to the territories and other places in the United States, and we have stated the reasons why we do so believe. This is as we look at it from within.

We have included all these statements, Mr. Chairman, for the record and for your perusal.

We do not believe that the trade and tax provisions of the compact will put the Marshall Islands and the Federated States of Micronesia in competition with the flag territories.

We in the Marshall Islands and the Federated States of Micronesia are far behind the territories in respect to the infrastructure development and are unlikely to attract businesses from the territories.

If, however, the territories require further tax and trade benefit to compete economically with their neighbors, it is the responsibility of this Congress, we do believe, to provide the territories with such benefit.

I believe that the greatest competition to the territories will not come from the freely associated states but from their other neighbors who pay their work for 1 day's work what most workers in the freely associated states earn in 1 hour.

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Mr. Chairman, concerns were raised during the March 7 hearing that the freely associated states could be major drug cultivating, processing, and transshipment points. It was also said that the United States should insist that the freely associated states establish safeguards to prevent this action from occurring.

We do not manufacture these drugs in the islands, Mr. Chairman. These trickle down to our islands through the U.S. ports, and there have been laws put into place by the Nitijela to control the use of this marijuana. We have prosecuted several criminals that have used these unlawful drugs in the islands, and we will continue to prosecute them.

Under the Compact of Free Association, there is an extradition provision in which we can deport or you can deport people from the United States, or we can do the same thing, if they become undesirable citizens and engage in unacceptable conduct. There is a provision for that in the Compact of Free Association.

We have gone into some other detail, Mr. Chairman, listing down the justifications for what we believe in and the reason why we are asking that this committee expeditiously support the approval of the Compact of Free Association.

In conclusion, Mr. Chairman, with the approval of the compact, the people of the Marshall Islands, on September 7, 1983, and with the final acceptance of the compact as a treaty by the government of the Republic of the Marshall Islands, in 1983, the Marshall Islands has done its part, and it is more than ready to move forward with free association with the United States.

During the 38-year history of the trusteeship agreement, we have, with the assistance of the Government of the United States and this subcommittee, reached a point of political, economic, and social maturity which provide the basis for the termination of the trusteeship agreement and implementation of the compact. It remains now for the United States to approve the compact.

As should be evidenced from our statement today, we hope we have the fiscal maturity, integrity, and responsibility to run our affairs.

We pledge that with the approval and implementation of the compact, we shall, in good faith, adhere to both the letter and spirit of the compact as we trust the United States will also do.

Mr. Chairman and distinguished members of the subcommittee, after you have completed a thorough review of the compact, as we have done, and if, as I am confident you will, you find it to be beneficial to both our countries, as we have, we ask that you urgently seek approval of the compact for implementation by October 1, 1985.

Thank you very much, Mr. Chairman.

I was not able to make all the statement as indicated in the record, but if we can answer any of the questions, we'll be very happy to do so.

Thank you kindly.

Mr. SEIBERLING. Thank you very much, Mr. Secretary, for a very thorough and informative statement.

Let me start out with the last part first.

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I was pleased that you commented on the statements by Mr. Sunia at last week's hearing, because they raise some points of great concern, and we must consider those points.

I've asked Secretary Montoya to respond from the standpoint of the Interior Department and the administration. Well, I asked the OMSM, but at the hearing I asked Secretary Montoya.

Let me just ask you something while you're here.

One of the points that was made by Mr. Sunia was that, since the minimum wage laws do not apply to the freely associated states under the compact—the U.S. minimum wage laws—that this opens a huge loophole that could be used to undercut the insular areas and perhaps even the United States themselves—that is, the States—by attracting manufacturing plants to manufacture at subminimum wages and compete with insular areas and U.S. domestic production, and thereby drive a lot of business toward the trust territory and away from our shores.

My interpretation of the compact to meet that problem would be that, while that might be done if the manufacturing were done by citizens of the freely associated states, if they started to import foreign labor so they could work them at subminimum wages, that we could restrict any products that were so manufactured and that the compact would not be barred to that action.

Would you care to comment on that?

Mr. DE BRUM. Mr. Chairman, you will forgive me. I overlooked the introduction of members of my staff here, and I'd like to do that with your permission, sir.

Mr. SEIBERLING. Fine.

Mr. DE BRUM. Some of whom will be answering these questions. I will also answer some of them.

To my very left is Mr. Carl Ingram, special assistant to the cabinet and the president, who has been helping me with the compact issue with the U.S. Government.

To my left is Dr. Gunasekera. He is with us from UNDP—the United Nations Development Program—from Fiji. He's the man who worked on the 5-year program with us. He was instrumental in working with various departments and local people to make that possible for us.

Mr. SEIBERLING. His boss is a former Member of Congress from Massachusetts—is that right?—head of the United Nations Development Program.

Mr. DE BRUM. Is that right?

Mr. GUNASEKERA. Mr. Chairman, I was in Fiji, but I'm actually from Sri Lanka.

Mr. SEIBERLING. Well, I'm referring to the head of the United Nations program in New York.

Mr. GUNASEKERA. Yes; yes, Mr. Chairman.

Mr. SEIBERLING. Well, go ahead. Excuse the interruption.

Mr. DE BRUM. Thank you—Dr. Gunasekera.

And to my right is the man in charge of all Federal programs. You can introduce yourself.

Mr. MAYKOSKI. Jack Maykoski.

Mr. DE BRUM. Maykoski is difficult to pronounce, so that's why I did that. Not all the U.S. names are easy to pronounce.

Thank you very much, Mr. Chairman.

Let me answer that question of yours. Then I will refer that to these experts in that field to answer that.

On the minimum wage, the benefits and effects of it, I do believe that, looking back over the 14 years of negotiations, one of the considerations which were thought to be reason for the nonadherence to the minimum wage was the fact that, with the concept of minimum wage, employees in certain places for, say, Kwajalein, you can only employ so many employees. You are limited to certain employment sections which will fit the budget.

The one advantage of nonminimum wage, as we see it, is the fact that you can employ more people in the economy, and more people thus can have opportunities to seek jobs.

Let me turn this very important question to some of my technical people, Mr. Chairman. Perhaps they can answer this question.

Mr. SEIBERLING. Well, let me make sure that you understand my question.

Mr. DE BRUM. All right.

Mr. SEIBERLING. I'm not directing it to the employment of citizens of the freely associated states—in this case the Marshall Islands. I'm directing it to the possibility that a lot of foreign workers could be imported to work in those areas at subminimum wages and compete with workers in the United States itself, including the insular areas.

It's the foreign workers that are the big loophole. There aren't that many people in the Marshall Islands that we need to have any fear that that's going to have any major impact, but if a lot of enterprising companies decide, hey, this is a great way to get inside the United States through trade and pay subminimum wages and have no tariffs or other restrictions, that's what I'm concerned about.

Mr. DE BRUM. Yes, Mr. Chairman. May I ask Mr. Ingram to address that, sir?

Mr. INGRAM. Thank you, Chief.

Mr. Chairman, we have a law in the Marshall Islands which protects the resident workers and, I believe, would address such a situation, so that if anyone attempted to import foreign workers at these very, very low wages, that would be prohibited by our existing laws.

We have not examined the precise question of whether or not the compact would provide a remedy to address that issue, and we can deal with that question in writing, if that is acceptable with you.

If I might, I would like to note——

Mr. SEIBERLING. We have asked the OMSN to respond to those questions raised by Mr. Sunia, and I see Mr. Berg is sitting here. So he has heard what I said, and I hope they will respond to that question as part of their general response.

Mr. DE BRUM. We will be very happy to respond from our perspective, sir.

Mr. SEIBERLING. Thank you.

[EDITOR'S NOTE.—Response to Chairman Seiberling's question may be found in the appendix, under cover of a letter from Ambassador Zeder to Chairman Seiberling, dated March 22, 1985. See table of contents for page number.]

Mr. DE BRUM. Go ahead.

Mr. INGRAM. Mr. Chairman, our minimum wage for our government workers is about $1 an hour, and, of course, in some of the neighboring countries they don't even pay their workers that much in 1 day.

So, the standards that we have probably won't put us in stiff competition with the territories, and we have other stringent laws; we have environmental laws, and, as I said, we have foreign investment laws which are very restrictive and, I think, pose the same burdens on doing business as the territories pursuant to applicable U.S. laws.

Mr. SEIBERLING. Well, those laws can be changed. That's the thing that we need to consider. So, we have to be prepared to deal with the problem.

Assuming that at some future date, when all of the citizens of the Marshall Islands have been fully employed at wages that are satisfactory, they might start importing foreign workers and paying them at a subminimum wage. I want to know that the United States can deal with that situation and not violate the compact.

Mr. INGRAM. Mr. Chairman, I believe that the dispute resolution procedures, consultation procedures, would address that in the compact.

However, our growth rate is, at 4 percent, about twice what the United States is, and I believe by the end of the century there will be some 60,000 people in the Marshall Islands. Half of our population now is under 15.

I think that any jobs we could generate, the people would be loathe to give those to foreigners, and their own young people—their children—would compete for those jobs.

Mr. SEIBERLING. I hope that the government of the Marshall Islands will continue a program of family planning, because a 4-percent growth rate, with the limited resources that you have, is going to create the same kind of problems that it has created on a much vaster scale in many, many countries in Africa as well as other parts of the world.

Mr. INGRAM. Yes, sir.

Mr. SEIBERLING. A doubling of the population every 17 years is really an extremely difficult problem to cope with.

Mr. DE BRUM. We understand, sir.

Mr. SEIBERLING. Do you have a family planning program?

Mr. DE BRUM. Yes; we do have family planning. We also intend to train our labor force so we can export them.

Mr. SEIBERLING. Good.

Mr. DE BRUM. That's another consideration, sir.

Mr. SEIBERLING. All right. Go ahead. I'm sorry to interrupt.

Mr. DE BRUM. OK, sir.

Mr. SEIBERLING. Does that complete your response to that question?

Mr. INGRAM. I think so, sir; yes.

Mr. SEIBERLING. All right. Thank you.

I have a few other questions, but I've used up my time in the first round.

Mr. Fuster, do you have any questions?

Mr. FUSTER. Mr. Chairman, I just want to make a brief statement.

I want to thank the secretary, Mr. De Brum, for his statement and to tell him that the Commonwealth of Puerto Rico supports the approval of the compact.

We share some of the concerns that some of our colleagues have expressed—Mr. Sunia and some of the other delegates—but as far as Puerto Rico is concerned, we don't anticipate any major adverse effects from the approval of the compact.

On the other hand, we recognize the strenuous efforts that have been made through 15 years to satisfy the legitimate claims of the people from the Marshall Islands, and we sympathize with such claims.

I just wanted you, Mr. Secretary, to know that this, briefly stated, is the position of the Commonwealth of Puerto Rico.

Mr. DE BRUM. Thank you very much indeed, sir.

Thank you, Mr. Chairman.

Mr. SEIBERLING. OK.

Mr. De Brum, I note that in your February 25 testimony before this subcommittee, you said that:

> The government has identified a shortfall of $78.3 million in funding available for funding available for projects to be implemented during the next 5 years. This included $43.3 million for the Kwajalein Atoll Development Authority and $35 million in other government projects.

First of all, how was it determined to write a 5-year development plan that includes a large shortfall of funds to pay for it?

Mr. DE BRUM. Mr. Chairman, thank you very much. I will address that later on, but let me turn to the expert in this area.

Mr. SEIBERLING. And another question that's related to it is, today you only referred to a $35-million shortfall. Does that mean you have revised your figures?

Mr. GUNASEKERA. Mr. Chairman, actually, the shortfall faced by the Marshall Islands Government due to this plan is only $35 million.

According to the plan, we have an overall deficit of some $80 million, but the difference is due to the fact that the KADA [Kwajalein Atoll Development Authority] has a very large deficit, which is about $80 million.

The understanding is that, as was approved by the Nitijela, KADA will be responsible for its own funds to find funds to implement its own project.

So, what the Marshall Islands government is facing is a $35-million deficit, and, Mr. Chairman, I would like to explain the basis on which this plan was prepared so that it resulted in a deficit.

The plan was prepared not specifically for compact funds alone. When we prepared the plan, we also wanted to reflect the absorptive capacity of the economy—that the Marshall Islands economy is capable of absorbing more funds profitably.

So, we wanted to identify a certain pipeline of projects in addition to the projects possible from compact funds, so that if we can get more funds from outside—some other assistance—we could implement those additional projects, Mr. Chairman. That is how the shortfall results.

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Mr. SEIBERLING. Well, wasn't the idea behind writing the 5-year development plan to carefully spell out how your government intended to spend the money that would be coming in under the compact?

Mr. GUNASEKERA. Yes, Mr. Chairman. I would correct myself. I would say that the idea was twofold. One was to meet the requirements of the compact, and two is to bring about development in the economy in the next 15 years. We wanted to identify as many projects as possible for our purposes.

Mr. SEIBERLING. Well, now, how was it determined that the Kwajalein Atoll Development Authority should be one of the places where the money would fall short? How was that determined?

Mr. GUNASEKERA. Mr. Chairman, we wanted to prepare a national development plan, so we tried to accommodate in the plan as many agencies as possible, including the private sector if they submitted plans to us.

The Kwajalein Atoll Development Authority submitted its own development plan to us to be included in the plan. So we went ahead and included that.

Mr. SEIBERLING. How are they expected under the plan to handle their shortfall? Where is that money coming from?

Mr. GUNASEKERA. Well, we have not discussed that shortfall in detail with them.

Mr. SEIBERLING. Did you just assign it to them?

Mr. INGRAM. Mr. Chairman, as we mentioned in our budget statement, we have made an additional request to help deal with this shortfall in addition to the $71.1 million that will be available under the compact and its related agreements for Kwajalein Atoll Development over the 30-year period of the compact provisions and the MUORA.

Mr. SEIBERLING. But this was just arbitrarily allotted to them? You decided that they were going to have a $43-million shortfall?

Mr. DE BRUM. Mr. Chairman, I don't think it was arbitrarily made to them. It was compared with the plan that they had submitted earlier. According to that plan, there would be that shortfall.

Mr. SEIBERLING. But your economic advisor, whose name I will not try to pronounce——

Mr. DE BRUM. Gunasekera—Dr. Gunasekera.

Mr. SEIBERLING. Dr. Gunasekera said that that had not been discussed with them yet.

Mr. GUNASEKERA. Mr. Chairman, when the funds are available, these projects will have to be prioritized, and those details have not been discussed, but the understanding of the Nitijela was that basically KADA was responsible for its deficit.

Mr. SEIBERLING. What input did the Kwajalein senators have into this estimate?

Mr. GUNASEKERA. Mr. Chairman, I believe that the input of the Kwajalein senators has come into the plan through the KADA, because I believe there are some senators on the board of KADA.

Mr. INGRAM. Excuse me, Mr. Chairman. I might add that, originally, the list of development projects that the Kwajalein Atoll Development Authority had in, I believe it was August of last year, was $61 million.

Then, after the hearing that they had, they understood that there might be an opportunity for them to either obtain additional funds from the U.S. Congress or to obtain an advancement of the compact funds.

So they produced a revised version of their development request, and that totaled about $117 million, and of course that creates the deficit, sir.

Thank you.

Mr. SEIBERLING. All right. What happens to your debt service schedule if, for some reason, the compact doesn't clear the Congress by the beginning of fiscal year 1986?

Mr. DE BRUM. Let me turn that over to the staff to answer that, sir.

As I look at it, if it doesn't answer, we will continue to struggle to pay off our debts, as we have been in the case of the medical debt services, and we'll just have to continue to struggle, continue to ask for help, and continue to live with the situation, Mr. Chairman.

But for detailed answers, maybe I should let the other staff member answer.

Mr. SEIBERLING. All right. Let me give a detailed question.

Your government's debt service schedule provides that $12.5 million will be paid in 1985, $9.6 million in 1986, $21.7 million in 1987, et cetera.

Where will you get the funds to pay these debts if the compact funds are not available?

Maybe the answer is you won't; I don't know; I just want to know.

Mr. GUNASEKERA. Mr. Chairman, at the moment, the only possibility would be to apply some more fiscal restraint domestically—cut down recurrent expenditures and engender some domestic funds.

Mr. SEIBERLING. All right. In other words, the debt service schedule, though, is based on the assumption that the compact will be in effect by the end of September or sooner?

Mr. GUNASEKERA. That's right, Mr. Chairman; yes.

Mr. SEIBERLING. All right. Thank you.

I see we have a new arrival here.

Mr. Kildee, do you have any questions?

Mr. KILDEE. No, thank you, Mr. Chairman.

Mr. SEIBERLING. Now, on September 25, 1984, we provided an opportunity for non-Micronesian public witnesses to testify. One of these was a Suzanne Thiessen, the vice president of the Ship Corporation of Hawaii.

Ms. Thiessen said she came to represent her husband, Wayne Thiessen, about a $50,000 debt owed to her husband's company for almost 1 year by the Marshalls government.

She also claimed that there were several people in businesses in Honolulu that were owed an additional $50,000 or more as a result of an agreement with your government to manage your ship the *Fentress*.

She said efforts to collect the money had been fruitless and that your attorney general had written to their lawyer and, in effect,

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said that your government didn't have any money to pay your debts to the Thiessens.

I wonder whether you can comment on this particular matter.

Mr. DE BRUM. Yes, sir.

Mr. Ingram is well aware of that one, Mr. Chairman, and, with your permission, I'll ask him to respond to that.

Mr. SEIBERLING. All right.

Does your government still owe these people money, Mr. Ingram, and, if so, has any arrangement been made to pay them?

Mr. INGRAM. We owe a portion of the debt. We've made arrangements for the largest portion—an amount owed for fuel—approximately $120,000—we've entered into a payment schedule for that and have already paid off approximately $30,000.

We have also paid off approximately another $30,000 with respect to those debts, and we are in the process of selling the *Fentress* for scrap, along with some other scrap material on Majuro, and the proceeds of those sales will go to discharge the obligations associated with the *Fentress*.

I might also add that the problems that Mr. Thiessen experienced and his company experienced were not due to the failure of the Marshall Islands to pay the debts but due to mismanagement on their part.

They do, we understand, have lawsuits facing them because of their mismanagement of investment funds provided to them by various California interests.

In the past, we have made numerous efforts to contact Mr. Thiessen and get a detailed breakdown, and they have not been particularly cooperative, but we are taking strides to pay off the debts associated with that venture, sir.

Thank you.

Mr. SEIBERLING. Does your government have other debts owed to U.S. citizens or U.S. companies?

Mr. INGRAM. Yes, sir.

As we mentioned in your budget statement and as we mentioned in our statement today, over the last 3 years we have paid off—oh, I think in the last 2 years about $5 million; this year we plan to pay off another approximately $2.5 million in prior year deficits in amounts that are owed various U.S. companies in Hawaii; and, by the end of this year, we will have reduced the amount that we owe to approximately $1 million.

That $1 million that we owe is a Tripler debt. We feel that, because approximately 60 percent of the patient time in Tripler was unnecessary time according to the Siegel report that was commissioned by the Department of the Interior, we should get credit for that obligation, and that ought to be, if you will, sir, subtracted from our Tripler debt.

I do have a list of some of the debtors that we have paid off in the last 2 years.

We owed Mobil Oil $750,000; we paid that off; Global Associates, $350,000; we paid that off; Covington and Burling, $250,000; we paid off; Straub Clinic, $100,000; Tripler, $600,000 last year; Continental Airlines, $360,000; doctors and other medical facilities in Hawaii in 1984, $146,000.

Now, this year, for 1985, we have programmed to pay $2.3 million. Already, to date, we have paid $800,000 of that. That includes $200,000 to St. Francis and $150,000 to Tripler, sir.

Mr. SEIBERLING. All right. Thanks. That's very helpful.

The reason we have gotten into this is because Representative Akaka in Hawaii, in testifying before this subcommittee on March 7, expressed concern about money owed by the Micronesian Governments. Here's what he said:

> There is some concern in Hawaii and elsewhere as to whether debts owed to U.S. citizens and corporations by the governments or citizens of the freely associated states will be honored in their court. Certainly we have every reason to hope that these nations will faithfully honor debts owed to foreigners once they achieve their new political status. Nonetheless, I believe it would be wise to guarantee that debts owed to the United States and its citizens will be honored.

He went on to urge the subcommittee to establish a mechanism for guaranteeing that they would recognize—that the associated states would recognize the validity of these debts and contracts and other obligations.

Would you have any further comment on that?

Mr. DE BRUM. Yes, sir.

Mr. Chairman, we have addressed that particular concern in this response.

Let me ask Carl to respond briefly to that, sir.

Mr. INGRAM. Yes, sir.

In our statement, we indicate that should U.S. corporations or individuals—this is on page 20—desire assurance that the freely associated states will honor valid debts, contracts, and other obligations, they need only examine our constitution and laws which are patterned after U.S. law.

Further, I note that the High Court and Supreme Court Justices for the Republic of the Marshall Islands are U.S. citizens and attorneys who have either served as judges for the trust territory courts or the courts of Hawaii.

Should, however, the U.S. Government desire to ensure the enforcement of judgments of the U.S. courts in the Marshall Islands, we are prepared to enter into negotiations with the U.S. administration with a view toward concluding an agreement for the enforcement of judgments on the basis of reciprocity.

Thank you, sir.

Mr. SEIBERLING. All right. I've got a number of other questions. I think I'll submit some of them in writing, Mr. De Brum, and you could supply an answer for the record, but I would like to ask a few others right now.

We understand that the Marshall Islands Nitijela passed a resolution last week requesting the Cabinet of the Marshall Islands to take measures to restore Ejit Island to its proper landowners.

Is it your understanding that Ejit, where some 200 Bikini people live, is public land or private land?

Mr. DE BRUM. It is my understanding, Mr. Chairman, that it was considered to be public land, and that was the reason why former High Commissioner Winkel had requested that we accommodate the Bikini people in that area at that time.

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But like all other public lands, they were eventually to be returned to their rightful owner, sir. That process has not taken place yet.

I'm asking Mr. Ingram, as an attorney, to maybe further enlighten us on that subject matter, sir.

Mr. INGRAM. Yes, sir.

This is a matter that we understand certain private citizens may have under litigation.

The resolution was a sense of the Nitijela and does not require any government, or does not absolutely mandate government action by the Cabinet at this point in time.

During our stay here, we have attempted to get additional information from the U.S. Government to absolutely pin down this issue. It seems that the record on the title is an ambiguous one, and right now we're still in our process of trying to get absolute clarity as to title, but we do suspect that there will be a number of private claims and lawsuits regarding this land.

Mr. SEIBERLING. Mr. De Brum, what does the Cabinet intend to do about this resolution?

Mr. DE BRUM. Mr. Chairman, I will have to supply you with the response when I get back. I'm afraid I was gone when these matters came up for discussion in Majuro, sir; but, with your permission, I would like to supply you with a response in writing on that subject.

Mr. SEIBERLING. All right. Thank you.

Mr. DE BRUM. Thank you, sir.

[EDITOR'S NOTE.—Response to Chairman Seiberling's question may be found in the appendix, under cover of a letter from Chief Secretay Oscar De Brum to Patricia A. Krause, professional staff member, Subcommittee on Public Lands, dated April 1, 1985. See table of contents for page number.]

Mr. SEIBERLING. Now, would there be any problems with your government if, during the markup of this legislation on the compact, the subcommittee decided to add language to article 2 of section 177 that would designate how specific amounts from that fund should be spent—for example, for food programs for certain groups of people affected by the U.S. nuclear testing or for the four-atoll Health-Care Program in later years, or other matters related to that section?

In that connection, I note there is some $2 million annually for the 15-year period for what is generally listed as "health, food, and agricultural maintenance," but there is no mention, as far as we can tell, of this money in the 5-year economic development plan.

Suppose we specified in our legislation ratifying the compact that this money should be spent in certain ways. Would that create a problem?

Mr. DE BRUM. Mr. Chairman, I'll be quite frank with you, sir. I'm not one of those in a policy decisionmaking position. I do have, just like you have here, Congress as well as Parliament, as well as the Cabinet, who make the policy decisions for my government.

I will be very happy to take back any questions that you wish to pose that you think would be helpful.

Mr. SEIBERLING. Well, if you want to give us a response to that in a short time, we'd appreciate it.

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Mr. DE BRUM. Yes, sir. we will be happy to do that, sir.

[EDITOR'S NOTE.—Response to Chairman Seiberling's question may be found in the appendix, under cover of a letter from Chief Secretay Oscar De Brum to Patricia A. Krause, professional staff member, Subcommittee on Public Lands, dated April 1, 1985. See table of contents for page number.]

Mr. SEIBERLING. In addition, we understand from representatives of your government that there will probably be some $150 million available at the end of the 15-year period provided the initial $150 million is well invested.

Are any plans being developed for spending that money?

Mr. DE BRUM. Mr. Ingram can answer that, sir.

Mr. SEIBERLING. You have mentioned it generally in your statement, but I wonder if you want to elaborate on it.

Mr. INGRAM. Yes, Mr. Chairman.

Those funds—the decision on how to utilize them will have to be made much more closely associated with the 15-year initial term of the compact.

Those funds are to address the unique needs of the people of the Marshall Islands resulting from the nuclear testing program.

There is much concern in the Marshall Islands that there may be some effects that show up in subsequent generations, effects that we cannot now see—health-related problems and other socially-related problems that money will go to address.

I might also indicate that if there are any, let's say, add-ons, or, let's say, changes or amendments to the compact itself, that would raise several very difficult legal questions for us which we would have to address, whether or not that would require another plebiscite or that could be handled in another fashion.

Thank you, sir.

Mr. SEIBERLING. Well, what I was wondering was why you have not developed any plans. Are there any guidelines that have been worked out as to how that money would be used?

Mr. DE BRUM. Mr. Chairman, I think it would depend also on the input from the tribunals who will be in a position to adequately review all and any other claims that people might have concerning the radiological effects in the Marshall Islands.

Mr. SEIBERLING. Has the U.S. administration offered any guidelines for the spending of this money?

Mr. DE BRUM. Not to my knowledge, sir, but I'll ask Mr. Ingram to elaborate on that, sir.

Mr. INGRAM. At this point in time, they have not offered guidelines, because it is our mutual understanding that we will address this issue more closely to that 15-year time period, so we can make intelligent decisions.

They have offered to us—and we are working with the Department of Energy for them to ascertain what kinds of services and programs that they feel need to be continued during the compact period, and we also hope to obtain the assistance of our Public Health Service on that subject.

Mr. SEIBERLING. All right.

On May 8, we had a hearing on the section 177 agreement, and David Anderson, counsel for the Enewetak people, expressed concern about the ownership of Ujelang.

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He said that in the initial drafts of the compact, the Marshalls Government asked for compensation for American use of public lands on Ujelang and certain other atolls, and he said that the Enewetak people believe that Ujelang Atoll is the sole property of the Enewetakese, because they received a quitclaim deed from the United States in 1976.

Are you aware that the United States issued a quitclaim deed to the people of Enewetak on September 16, 1976?

Mr. DE BRUM. Mr. Chairman, this is our understanding—that it had been quitclaimed to the people; this is our understanding. We will be able to double check that for you, but that was our understanding, sir.

Mr. SEIBERLING. Of course, a quitclaim deed is merely a transfer of whatever rights the particular grantor has and doesn't necessarily mean that he has any.

Have you done any research as to what rights the U.S. transferred with that deed?

Mr. DE BRUM. Not to my knowledge, sir, but let me ask Mr. Ingram if he can shed some light on that one to us.

Mr. INGRAM. In the 5 years that I've worked with the government of the Republic of the Marshall Islands, that has not been an issue that we have addressed. I haven't heard anyone question the validity of the quitclaim deed.

If there were any uncompensated claims as a result of taking lands or any activities that are resultant from the Nuclear Testing Program, that would be an issue that could be dealt with by the Claims Tribunal and adjudicated by them.

That, of course, is independent from our executive and legislative branches and a subject that would be for them to determine, sir.

Mr. SEIBERLING. Did your government's claims for compensation date from years prior to 1976?

Mr. INGRAM. Sir, we'd have to research that for you.

Mr. SEIBERLING. All right.

[EDITOR'S NOTE.—Response to Chairman Seiberling's question may be found in the appendix, under cover of a letter from Chief Secretary Oscar De Brum to Patricia A. Krause, professional staff member, Subcommittee on Public Lands, dated April 1, 1985. See table of contents for page number.]

Mr. SEIBERLING. One other question: Does the government of the Marshall Islands take a position that the transfer was effective in conferring title to Ujelang on the people of Enewetak?

Mr. DE BRUM. I have not seen that decision being questioned yet, Mr. Chairman, but this is a question that needs to be addressed to the government and to the Nitijela, and I would be very happy to refer that question and get the answer for you, sir.

Mr. SEIBERLING. All right.

A subsidiary question would be that if the answer to the previous one is no—that is, that it was not effective—then we would need to know what lands on Ujelang the Marshalls government claims the right to compensation for.

[EDITOR'S NOTE.—Response to Chairman Seiberling's question may be found in the appendix, under cover of a letter from Chief Secretary Oscar De Brum to Patricia A. Krause, professional staff

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member, Subcommittee on Public Lands, dated April 1, 1985. See table of contents for page number.]

Mr. SEIBERLING. We'd also like to know whether you disagree with the view of the Enewetak people that Ujelang is their property. Do you have any position on that at the moment?

Mr. DE BRUM. Not at the moment, sir. As I said, no one has ever disclaimed that yet, and I have not seen a position taken by the government to disclaim that Ujelang was, in fact, owned by the people of Ujelang.

Mr. SEIBERLING. Suppose we added language to the section 177 agreement that would clarify the ownership of Ujelang. What would you think about that?

Mr. DE BRUM. That answer would have to come from the government, sir. I'll be very happy to deal with that with the government.

Mr. SEIBERLING. We'd like to have responses to these questions as soon as possible——

Mr. DE BRUM. We will be able to discuss this problem.

Mr. SEIBERLING [continuing]. By the end of the week, if you could get it, but, in any event, promptly.

Mr. DE BRUM. We will attempt to get the answer, sir.

Mr. SEIBERLING. The end of the month would probably do.

Mr. DE BRUM. Thank you, sir. We will try to get the answer to you before the end of the month, sir.

[EDITOR'S NOTE.—Response to Chairman Seiberling's question may be found in the appendix, under cover of a letter from Chief Secretary Oscar De Brum to Patricia A. Krause, professional staff member, Subcommittee on Public Lands, dated April 1, 1985. See table of contents for page number.]

Mr. SEIBERLING. Well, the rest of the questions, in the interests of time, I'll submit in writing, and if you could give us them by the end of the month, that would be helpful also.

Mr. DE BRUM. We would be very happy to do so.

[EDITOR'S NOTE.—Response to Chairman Seiberling's question may be found in the appendix, under cover of a letter from Chief Secretary Oscar De Brum to Patricia A. Krause, professional staff member, Subcommittee on Public Lands, dated April 1, 1985. See table of contents for page number.]

Mr. SEIBERLING Well, thank you, Mr. Secretary. We appreciate very much your patience and the information you have given us.

We will now proceed to hear Senator Evelyn Konou of the Marshall Islands Nitijela, representing Jaluit.

Senator Konou, I hope I have pronounced your name correctly.

Ms. KONOU. It's close, Mr. Chairman.

Mr. SEIBERLING. Well, we are happy to have you here. You have come a long way.

STATEMENT OF EVELYN KONOU, SENATOR, MARSHALL ISLANDS NITIJELA, REPRESENTING JALUIT

Ms. KONOU. Thank you, Mr. Chairman.

Mr. SEIBERLING. I see you have a rather lengthy statement. In the interests of time, I'd like to put the statement in the record and let you give us the highlights, if that's all right with you.

Is that OK with you?

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Ms. KONOU. May I just go ahead and read it, Mr. Chairman? I think it's a very short statement.

Mr. SEIBERLING. All right. Well, whatever you want to do, go ahead.

Ms. KONOU. Thank you, Mr. Chairman.

I am Evelyn Konou, one of the two senators who represent Jaluit Atoll in the Nitijela, or parliament, of the Marshall Islands.

The following statement was prepared jointly with my colleague, Senator Carl Heine.

I thank you for this opportunity to express our concerns about the Compact of Free Association and its relationship to development of Jaluit Atoll, a major outer island with high potential.

We have noted and deeply appreciate your concern for our islands, so far away and small yet tied by history to the United States.

Jaluit is the third most populous atoll in the Marshall Islands. It was the administrative, fisheries, and commercial center under the Germans and Japanese. The trust territory and the Marshall Islands governments have recognized it as an important regional center.

If you look at the 24-point star on the Marshall Islands flag, you will see that four of the points are larger than the rest. These larger points represent Majuro, Kwajalein, Jaluit, and Wotje.

As you know, a large majority of the Jaluit people voted against the compact. This is not because we are opposed to the idea of free association with the United States—although many voters would have preferred a closer relationship—but, rather, because of some defects in the compact.

In support of the radiation-affected and Kwajalein peoples, we feel that the claims and assistance settlements in the compact should not be forced upon them by the vote of the others who would share in the compact benefits but did not bear the burdens of the U.S. nuclear testing or defense efforts. I'm sure that spokesmen of these groups have already eloquently presented their cases.

We also felt that section 177 violated the constitutions of the United States and the Marshall Islands.

In Jaluit's own situation, we felt that having been bypassed by most of the development under the trusteeship, we were about to be bypassed again under the compact.

We asked that the development plan for the Marshalls be completed, with our active participation, before the plebiscite. This was not done, and we expressed our opinion.

The compact was approved by 58 percent of the Marshalls-wide vote without the development plan. The first 5-year plan was later constructed with little or no input from the people or their elected representatives.

There is little in the plan which we can identify as developing Jaluit as a result of the compact. Almost all of the capital account money goes for Majuro and Kwajalein. There is very little for the outer islands in the first 5 years. We must wait at least 5 years, but there is as yet no plan for the last 10 years fo the compact as we should reasonably expect.

I fear that lack of outer island development will encourage young people to move to the United States. The freedom to come to

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the United States is good, but many may not return if the islands are underdeveloped.

It is this exclusion from development that we want to address today, and we want to present an idea that will guarantee development of Jaluit yet not distort strained budgets.

Although the Jaluit people did not participate in the drafting of the development plan, there is a bipartisan consensus among Jaluit voters about what ought to be done.

Among the essential projects is the Jaluit dock for which the Congress generously provided partial funding last year. While we are truly grateful, our needs are more extensive.

Development of atolls other than Majuro and Kwajalein makes sense because of the diseconomies created by urban crowding, for example, the need for exampensive water and sewer systems, and social problems.

Basic infrastructure will allow Jaluit to develop industries such as fishing, tourism, and agriculture. This will benefit the Marshalls as a whole through increased employment and reduced imports.

The basic approach of the national government toward the allocation of funds for development is based on the national ministries and their respective programs.

We disagree with this line of approach. Rather, we think development of the Marshalls and the allocation of compact funds should be based on people and their respective atolls.

By developing and instituting a plan whose basic approach is toward people and their basic wants and needs, and not along the lines of national departments, we will be going a long way to meet the requirements of the compact and thus arrive at a more equitable development plan and more equal distribution of the national wealth.

In February of this year, President Kabua asked for funding requests to be passed on to your committee. We submitted our list of essential capital improvement projects which totaled $11.3 million, and we were pleased that RepMar supported these projects in testimony before this committee.

While we cannot expect that all of the projects will be funded in fiscal year 1986 as requested, we would hope that the dock will receive full funding.

Should the dock be fully funded, there remains over $10 million worth of reasonable, important infrastructure. Our concern is that we do not see the legitimate development aspiration of Jaluit being met either under the trusteeship or the compact. The projects are still not in the development plan, nor do other sources seem likely.

We attach our Jaluit summary plan as appendix A, which is attached to this statement, Mr. Chairman. This is the list of capital projects which would put Jaluit well on the way to self-sufficiency.

We have added $500,000 to our plan which was presented to you by Chief Secretary Oscar De Brum on February 25. The money would go for ordnance removal and filling of craters on Imiej Island and construction of a simple road from Imiej Island down to the Jabor Channel.

Imiej was a Japanese seaplane base in World War II, but it has not been properly cleaned up. There are some open areas, a sea-

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plane ramp, and some waterworks, which may still be useful for fisheries or coconut processing.

We do not say that the list includes everything we need, but the major projects are included.

We note that there is $1.71 million in the development plan for improvements and renovation of Jaluit High School. We think this is a wise expenditure of the national resources.

However, we note that almost all of the plan money for elementary school construction is for Kwajalein and Majuro. As a major center, Jaluit should have a clearly defined share of the elementary school construction.

The total cost of Jaluit development may seem high except that, in our view, much of the work should have been done throughout the almost 40 years of the trusteeship agreement.

Nothing happened for the first 20 years of the trust. There was then a 10-year spurt of development, and, finally, the last 10 years have been ones of retrenchment and waiting for the compact.

The Jaluit High School was built in the mid-1970's. It stands in splendid isolation. The infrastructure for Jaluit as a whole was never built. Jaluit is not anywhere near recovering its vigor as a commercial and fishing center that it had under the Germans and Japanese.

We believe also that there are unsettled claims from World War II. In 1969, the United States signed an agreement with Japan settling the war claims with respect to Micronesia.

While the United States paid the post secure claims, the claims against Japan were paid only in part because Japan refused to pay more than a fixed, small amount.

Since the United States, as trustee, released Japan from its responsibilities, perhaps for foreign and/or economic policy reasons, we feel that the United States is obligated to pay the claims against Japan.

Jaluit suffered a great deal during World War II as it was the Japanese headquarters in the Marshalls. It was bypassed by U.S. forces and bombed for over 1 year from secured atolls.

With food in short supply, the Japanese treated the Jaluit people harshly. Imiej Island, as we noted earlier, and Jabor Island still show too clear evidence of World War II.

We ask you to settle the war claims before closing the books on the trusteeship. We agree with your committee's recommendations last year that current Japanese foreign aid, although it is not going to the people who suffered, be considered payment and then the United States pay off the entire adjudicated claims.

The United States and the Marshall Islands now propose to end the trusteeship agreement this year. This will serve the foreign policy and defense needs of the United States and the Marshall Islands governments. However, we view the trusteeship obligation as to the people of Micronesia and, in our case, the people of Jaluit.

Because of the special relationship between the people of the United States and the people of the Marshall Islands and the continuing need for funding to promote self-sufficiency, 40 percent of the basic annual compact grant is to go to the capital account. These capital funds are to be used in accordance with the development plan.

I believe there is general recognition also that the capital funds are intended in part to take care of development that really should have been done under the trusteeship.

Unfortunately, we do not see significant and specific development funding for Jaluit in the development plan. The United States must concur with the development plan prior to the effective date of the compact. By implication, if the plan is unsatisfactory, the United States has the duty to ask for improvements.

The Marshalls have submitted only the plan for the first 5 years. You are approving money for 15 years. Why is there no plan for 15 years?

The development plan has a shortfall. What will be cut? Another airplane loan seems imminent, thus making the deficit even larger.

Under the compact, the capital account funds are a block grant to finance development projects. We believe these funds must not be subject to the national government's centralized planning approach.

Little, if any, of the capital account will be left for new projects in the 5-year national plan, and we do not appear to have much priority.

We want an agreement made whereby Jaluit gets a fair share of the capital account throughout the life of the compact.

We are not asking you to withhold approval of the compact and the development plan. There may be better ways to assure the eventual self-sufficiency of Jaluit.

We do ask that you find a way to guarantee and include the development of Jaluit. Below we suggest some alternatives, and we believe we have found a solution which can be worked out within political and economic realities.

One: The United States could pay off some part of the Marshalls' loans.

While the airplanes and powerplant are good ideas, the need could arguably have been met by less expensive means.

The loans and their refinancing will consume the entire unrestricted capital account for the first 5 years of the compact.

If two new airplanes are purchased, debt service will increase again. The United States could pay off, say, half the loans and free the money for other projects.

Two: Add language to the compact specifically requiring the Jaluit development projects and providing $11.8 million. Parties to the compact have already agreed money can be added without requiring another plebiscite.

Three: Provide for a Jaluit development trust fund to be administered in the same way as the individual atoll trusts under section 177. A relatively modest fund could provide for Jaluit development forever.

We feel that such a fund, created with the proper guidelines and restrictions on use of the earnings of the fund, can accomplish the following: provide for all of the infrastructure development projects we need now and in the future; minimize the additional cost to the United States; provide for automatic adjustments for inflation; create the kind of legacy of the U.S. administration of which we can all be proud; foster planning and discipline in a manner consistent with self-government.

We ask that you fund the remaining $1.8 million needed for the Jaluit dock. This is such a vital project that we would like to get under construction as soon as possible.

The only delay we feel is justified is to contract with a good engineering firm to independently verify the soundness of the 1978 design.

While submitting our list, we have been trying to work out a better method of funding than coming, hat in hand, each year. Like you, we would like to walk out of the trusteeship into the compact well prepared for the future.

We feel the trust fund idea is the best solution. Therefore, we ask you to work out a way to provide us with an additional $9 million soon or in the early years of the compact.

With a fund of that size, we can build all the remaining infrastructure on the list as well as other unlisted projects such as schools from the proceeds of the fund alone.

While the projects will be built more slowly, there will be benefits too, including careful planning, training, and use of local labor, maintenance, flexibility, and an emphasis on building for the long run.

We request $9 million so that part of the proceeds can be reinvested to compensate for inflation. We support trust provisions which would set reasonable limits on the amounts that could be spent for planning and administrative expenses.

We see the proposed fund as taking care of our infrastructure needs forever. We would also respectfully suggest that, viewed in the context of the 40 years of neglect and isolation, the request is not unreasonable.

With an assured program of development, we believe a true private sector will grow rapidly in Jaluit. Many of our needs will be met by private investment and initiative.

As an example, Mobil Micronesia, Inc. has recently agreed to construct a fuel plant near the new dock to distribute diesel, gasoline, and kerosene not only to Jaluit but also for nearby atolls.

We can say with confidence that, with a Jaluit development trust fund of the amount we suggest, the U.S. obligation under the trusteeship and the compact will have been met in full.

I feel it personally distasteful to come to you asking for money, but I feel obligated on behalf of my constituents.

Thank you for this opportunity to testify.

Mr. SEIBERLING. Thank you.

I don't mind asking for money for my constituents, and you shouldn't either.

We appreciate your coming, and I'm very happy to have your statement.

I want to make sure I understand. I've looked over the list attached to your statement of the various projects for fiscal year 1986, and I'm a little confused as to how that fits into the proposed trust fund for infrastructure. Is that a separate proposal, or is that intended to take care of these projects?

Ms. KONOU. Well, as I said earlier in my statement, Mr. Chairman, the listing we submitted—there are two approaches I'm talking about. One is asking you to fund the list of projects which is

attached to the statement; and, two, if not, we are asking you to provide $9 million for our development trust fund.

Mr. SEIBERLING. Well, is that an alternative to the $11.8 million?

Ms. KONOU. Yes, Mr. Chairman.

Mr. SEIBERLING. All right.

Well, let me ask you something else. How many people live on Jaluit?

Ms. KONOU. The people who actually live on Jaluit, I would say nearly 2,000 people.

Mr. SEIBERLING. What percentage of the total population of the Marshall Islands does that represent?

Ms. KONOU. We represent?

Mr. SEIBERLING. Yes. What percentage is that of the total? You say it's the third most populous atoll in the Marshalls. What is the total population of the Marshalls—about 30,000?

Ms. KONOU. Maybe 35,000.

Mr. SEIBERLING. Thirty-five thousand?

Ms. KONOU. Thirty-two or 35—between 32,000 and 35,000.

Mr. SEIBERLING. So this is about one-fourteenth or something like that. All right.

Well, I think you make some very important points. I'm sorry we didn't get this information sooner, because we've already sent our recommendations to the Budget Committee and the Appropriations Committee.

However, that doesn't mean we can't include them in our instrument of ratification for the Marshall Islands, and we'll have to consider what you've told us and see what's possible, but we certainly think you have made some excellent points.

Thank you.

We may want to submit some questions in writing to you. How long will you be in Washington?

[EDITOR'S NOTE.—Additional responses to questions; recommendations for improvements at Armer Ishoda Memorial Hospital in Majuro and Bill No. 53 N.D.-1 may be found in the appendix, document entitled "Additional Questions Related to Marshall Islands (With Responses)." See table of contents for page number.]

Ms. KONOU. I am planning to be here until Saturday, Mr. Chairman.

Mr. SEIBERLING. Until Saturday. And have you notified our office as to where you can be reached?

Ms. KONOU. Pardon me?

Mr. SEIBERLING. Does our staff know how to get in touch with you?

Ms. KONOU. I think I called this morning, and we left where we are staying. We are staying at the Quality Inn hotel.

Mr. SEIBERLING. On Capitol Hill?

Ms. KONOU. Capitol Hill.

Mr. SEIBERLING. Does the Marshall Islands government here know how to get in touch with you?

Ms. KONOU. Yes. Maybe——

Mr. INGRAM. We don't have an office, but we know how to get in touch with her.

Mr. SEIBERLING. OK.

Mr. INGRAM. We can pass on information.

Mr. SEIBERLING. Mr. Ingram—I assume he knows how to get in touch with you.

Is that right, Mr. Ingram?

Mr. INGRAM. That is correct, sir. I do.

Mr. SEIBERLING. OK.

Well, I guess that takes care of that.

Thank you very much, Senator. I hope you have a nice stay here. Enjoy this nice warm weather.

Ms. KONOU. Thank you.

Mr. SEIBERLING. Our next witness is Senator Hermios Kibin, representing Kwajalein.

All right, Senator. Go ahead. Welcome to our hearing.

Mr. KIBIN. Thank you.

Mr. SEIBERLING. When did you get into town?

Mr. KIBIN. I came in last Tuesday.

Mr. SEIBERLING. Do you like this weather?

Mr. KIBIN. Not very much.

Mr. SEIBERLING. Too cold?

Mr. KIBIN. It's rather cold for me.

Mr. SEIBERLING. Well, I can understand that. Though after you've been through a winter here, why, it feels warm.

All right. Go ahead, Senator.

STATEMENT OF HERMIOS KIBIN, SENATOR, MARSHALL ISLANDS NITIJELA, REPRESENTING KWAJALEIN, ACCOMPANIED BY SENATORS ATAJI BALOS, AND JULIAN RIKLON

Mr. KIBIN. Mr. Chairman and members of the subcommittee, ladies and gentlemen, I am Hermios Kibin.

First of all, I would like to thank the committee for allowing me to testify today.

I am one of three senators representing Kwajalein Atoll in the Marshall Islands Nitijela.

I am accompanied today by Iroij Kotak Loeak, Iroij Christopher Loeak, Iroij Watak Kabua, and Stephen Dribo. Sitting with me here today are Senator Ataji Balos, who is the chairman of Kwajalein Atoll Corp.; and on my right is Julian Riklon, who is the treasurer of the corporation.

Mr. Chairman, as you know, the Kwajalein landowners have testified previously before this subcommittee regarding their concerns about the Compact of Free Association.

We have told you that the funding levels are inadequate and have explained why. We will not repeat that testimony here today and refer you to the statements of Senator Ataji Balos and Mayor Alvin Jacklick on August 9, 1984.

I just want to point out today that our view of the compact continues to be confirmed. Conditions on Ebeye are not improved at the compact level funding under the interim use agreement, 1982-85, and so will not improve under the compact.

Recently, a doctor and a dentist visited Ebeye and prepared reports on health care conditions there. The reports document inadequate medical supplies as well as insufficient training and staff. At the KAC's request, this material has been sent to you.

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Mr. Chairman, the focus of today's hearing is on RepMar, and I will now turn to that subject. Despite the fact that the U.S. activities in the Marshall Islands directly affect Kwajalein, the United States refuses to deal with Kwajalein directly. Instead, it deals with RepMar, a government consistently opposed to the interests of the Kwajalein people.

RepMar's attitude results from a basic conflict between the RepMar government and the people of Kwajalein. RepMar would use the compact funds for the operation of its government and, at best, for all the Marshall Islands, but it is the Kwajalein people who have lost their land and, with it, their means of livelihood.

The Kwajalein people are entitled to the funds intended to compensate them for this loss, and they need the funds.

As you know, the compact does not specify funds for Kwajalein. Only the land use agreement [LUA], 1982-85, negotiated by the KAC and RepMar does that.

Under the LUA, RepMar must pay to the landowners compact and other funds that the United States intended to go to Kwajalein, but this provision is not in the compact, and we are concerned, unless the compact is changed, that RepMar will divert the funds intended for Kwajalein to other uses in the Marshall Islands.

With only 3 of 33 representatives in the Nitijela, and no representative in the Cabinet, the people from Kwajalein—those most directly harmed by the U.S. presence in the Marshall Islands—have virtually no say in the government.

It is not only our near exclusion from the government that gives me cause for concern. I fear diversion of funds as a result of the current financial problems of RepMar.

In RepMar's 5-year development plan, RepMar admits that it will have severe funding problems for its own development program because of the heavy burden of debt servicing it has incurred.

It borrowed a lot of money to build a powerplant on Majuro and to buy new airplanes. The plan shows that the debt service at $52.2 million exceeds RepMar's programmed capital improvement expenditures for 1985-89 by $25 million. It is clear where the compact funds will go.

Establishment of the Kwajalein Atoll Development Authority [KADA] is another example. The IUA 1982-85, between the United States and RepMar, requires RepMar to establish KADA to implement a plan for development of Kwajalein Atoll.

Over the last 2 years, RepMar has proposed several bills to establish KADA. The bills have contained various ways for RepMar to control KADA.

For example, one proposal would allow a RepMar minister to control all major decisions, such as membership of KADA and disbursement of funds.

The Nitijela Committee on Resources and Development held hearings on Kwajalein Atoll with the Council of Alabs and the public. The people of Kwajalein voiced strong objection to any KADA bill in which RepMar has control over the disbursement of U.S. funds. RepMar nevertheless pushed ahead to pass the bill, ignoring the wishes of the people of Kwajalein.

Because of the problems we have experienced so far, we are concerned that if RepMar controls Kwajalein development funds by

taking over KADA, the funds will not go to Kwajalein Atoll but will be spent elsewhere in the Marshall Islands.

For these reasons, we ask that the compact be changed to require the United States to make payments intended for Kwajalein directly to the landowners—the people of Kwajalein—not RepMar. As an alternative, the United States should establish a trust fund to ensure that the funds intended for Kwajalein people will be paid to them.

Thank you.

Mr. SEIBERLING. Thank you, Senator. You have made some important points here.

I'm a little surprised by the fact that only 3 of the 33 representatives in the Nitijela come from Kwajalein. What is the total population living on Kwajalein?

Mr. KIBIN. Mr. Chairman, probably 10,000 people. We haven't taken any census, but the last we had was around 8,000 people.

Mr. SEIBERLING. Are they represented in proportion to the population? That's between a quarter and a third of the entire population of the Marshall Islands.

Mr. KIBIN. And it looks like it.

Mr. SEIBERLING. Why is it that they only have three representatives in the Nitijela? How can that be?

Mr. KIBIN. A few of them are living on Ebeye now constitute one of the other senators from other atolls.

Mr. SEIBERLING. Well, do they vote on the basis of where they came from or where they live?

Mr. KIBIN. They vote from where they came from.

Mr. SEIBERLING. Is that in the constitution? What's the basis for that?

Mr. KIBIN. Well——

Mr. SEIBERLING. Maybe Mr. Ingram can tell us.

Mr. INGRAM. Under the constitution and under our laws, the people have the option of voting either where they are resident or their home island, sir.

Mr. SEIBERLING. And so the result is that a lot of the people on Ebeye vote in elections on other islands?

Mr. INGRAM. As is the case with Majuro, sir; yes.

Mr. SEIBERLING. I see. All right.

Well, that sort of produces an odd situation here, but if that's the way the people want it, what's the matter with that, Senator, if they want to vote from their own islands? Apparently they're satisfied.

Mr. KIBIN. Well, we don't have anything against that. The only thing—that they live on the island.

Mr. SEIBERLING. I realize that, but apparently they don't see their interest as being identified with Kwajalein but, rather, with some other island when they come to vote for their representatives in the Nitijela.

Well, anyway, that's the situation, whatever the reason is.

Now, you heard the discussion, I assume, of the shortfall for Kwajalein in the 5-year economic development program—$43 million shortfall for KADA, and I don't know how much of the other shortfall was attributable to Kwajalein. I guess $35 million in other government funds would be short.

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Do you have any comment on that?

Mr. KIBIN. Thank you, Mr. Chairman. May I direct that question to my colleague, Senator Balos?

Mr. SEIBERLING. All right.

Senator?

Mr. BALOS. Thank you, Mr. Chairman.

Before I try to answer that question, Mr. Chairman, I'd like to first thank you for this opportunity to give us time to appear before your committee.

As you know, I have appeared several times before your committee, and you practically know my thinking as far as the compact and the other things that are affecting Kwajalein Atoll.

Also, I would like to thank your committee, Mr. Chairman, for including us in your proposed budget from this committee of $12.1 million for the CIP for Kwajalein. At least it's an improvement for the Kwajalein people.

Mr. SEIBERLING. Well, thank you. Money is difficult to get here, but we're doing what we can to make sure that we meet your essential needs.

Mr. BALOS. Thank you, Chairman.

Now, going back to the question on the shortfall, I personally see no reason why Kwajalein has the shortfall as it's stated here this afternoon.

I understand the money that will be covering the compact will be going to Kwajalein for development is more than that. So unless the government will take some of the money and use it for other purposes, then it will probably create some shortfall for the KADA.

I am also asking the same question: Why are we having the shortfall?

Thank you, Mr. Chairman.

Mr. SEIBERLING. All right. Well, we'll try to unravel this question a little further, but, in any event, I hear what you say, and I'm not sure what we can do about it, but we will certainly see what's possible.

We cannot, of course, make up for the deficiencies in the representation of the people on Kwajalein in the Nitijela. That's going to be up to them.

Mr. BALOS. Mr. Chairman, if I may say, we will continue to look into the shortfall and provide you with more information on that.

Mr. SEIBERLING. All right. We may submit some other questions in writing after we have reviewed the testimony.

We certainly are concerned about Kwajalein and that it be adequately developed.

I'm still skeptical as to whether Ebeye is even up to the minimum standards that we think ought to be required, but we will do what we can to make that possible.

We have no further questions. We want to thank you very much and hope you enjoy the rest of your stay in Washington.

Do we know how to get in touch with you, if we need to, Senator?

Mr. KIBIN. We are staying at the Anthony House at 1823 L, I believe.

Mr. SEIBERLING. All right. Thank you.

Our final witnesses today are from Rongelap: Ms. Lijon Ekenilang, Mr. Johnsay Riklon, and Mr. Tlanton Abija.

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Mr. Ekenilang, are you ready?

Mr. GERRY. Mr. Chairman, Lijon is the lady sitting here. She would be much more comfortable if she could give her testimony in Marshallese, and we have an interpreter here. Since it's very, very short, we'd ask the indulgence of the committee in doing it in that fashion.

Mr. SEIBERLING. All right. Go ahead.

PANEL CONSISTING OF LIJON EKENILANG, RONGELAP, ACCOMPANIED BY GLENN H. ALCALEY, INTERPRETER AND CONSULTANT TO RONGELAP, AND RICHARD F. GERRY, CASEY, GERRY, CASEY, WESTBROOK, REED & HUGHES, SAN DIEGO, CA, ATTORNEY FOR RONGELAP; AND JOHNSAY RIKLON, RONGELAP, ACCOMPANIED BY BILLIET EDMOND, EDUCATION SPECIALIST

Ms. EKENILANG. Mr. Chairman, my name is Lijon Ekenilang. I am from Rongelap Atoll. I am also a landowner on Rongerik and Ailingnae Atolls.

I am one of the victims of the U.S. Atomic Testing Program, and at the time of the BRAVO test, on March 1, 1954, I was only 7 years old and was one of the 18 people who lived on Ailingnae.

Three days after the fallout on Rongelap, we were moved to Kwajalein. Later, we were moved to a small island in Majuro Atoll. I was among the people who returned to Rongelap in 1957.

In 1981, I had surgery for thyroid problems. Like many of the women exposed during the bomb tests, I have had seven miscarriages. This is common among women from Rongelap.

Since the time of the testing, I have lived in fear for my life and feel that my life is in danger.

According to Dr. John Gofman of Berkeley, those people who were on Rongelap on March 1, 1954, and under 15 years old will almost certainly develop cancer. I am one of those people. Also, every day of my life, I must continue to take thyroid medicine given to me by the Department of Energy doctors.

Because of these reasons, I feel that the people of Rongelap are faced with many problems due to the Nuclear Testing Program in the Marshalls.

The people of Rongelap ask that the United States look into our problems with a humane conscience. Of the 82 people who were directly exposed to the radiation fallout in 1954, only 59 are alive today.

Mr. Chairman, as I appear before your committee, there is little doubt in my mind that the people of Rongelap have in fact been exposed to much higher levels of radiation than was told to us during the past 30 years by the Department of Energy, Lawrence Livermore, and Brookhaven.

I feel and fear that not only our health but also our food and lands have been seriously harmed.

Mr. Seiberling, because of their concerns about the dangers of radiation, my people will evacuate Rongelap within the next 6 weeks. They will relocate to Ebadon Island on Kwajalein Atoll.

This move will create many more hardships for my people. They have no land rights on Ebadon and will have to depend on the charity of their fellow Marshallese for the basics of life.

We ask you for an independent radiation study, not just a repeat of the old study. We don't think that the United States has been honest with us. We were told that the radiation would not hurt us, but it has hurt us.

We feel that a totally independent study should be conducted, a study we can trust. Only then will we know how much damage has been done to our people and our lands. Only then will we know if it is safe to have children and what our medical needs really are. Only then will we know when it will be safe for us to return to our homelands or if we will ever be able to go home again.

I thank you.

Mr. SEIBERLING. Well, thank you very much, Ms. Ekenilang.

Do you have any children?

Ms. EKENILANG. I don't; I don't have any.

Mr. SEIBERLING. You don't? Seven miscarriages and no children?

Ms. EKENILANG. No children.

Mr. SEIBERLING. Well, that's a very tragic situation.

Have you talked to any doctors to see if there's any way they can solve that problem for you?

Ms. EKENILANG. Yes, I go to many doctors.

Mr. SEIBERLING. Where?

Ms. EKENILANG. In Marshall Islands, with the DOE doctor.

Mr. SEIBERLING. How long are you going to be in Washington?

Ms. EKENILANG. Until Tuesday.

Mr. SEIBERLING. Well, it might be helpful if you were able to talk to some here. I will ask the staff to inquire as to whether that would be possible.

Do we know how to get in touch with you?

Ms. EKENILANG. I'm in the Washington Plaza Hotel.

Mr. SEIBERLING. Where?

Ms. EKENILANG. Washington Plaza Hotel.

Mr. SEIBERLING. Washington Plaza Hotel. Well, we'll look into that and be back in touch with you.

Ms. EKENILANG. Thank you.

Mr. SEIBERLING. Let me say, we've already asked the Budget Committee to include money in next year's budget for a study of the kind you have requested. I don't know whether the amount is sufficient.

We have asked for $300,000 to make that study, and we hope that maybe at least that would get it started, and if more is needed, we could try to get some more later on.

I, as you may know, have taken the position that the United States has an obligation to try to make these islands habitable again, and we certainly take that seriously; at least I do, and I know other members of this committee do; and we'll do what we can to meet that obligation.

I want to thank you very much for your testimony.

We will now turn to Mr. Riklon.

Mr. RIKLON. Mr. Chairman, I would like to take this opportunity to thank your committee for giving us the time to voice our concerns.

On my right here is my colleague, Mr. Billiet Edmond. I felt that he should be on this trip, because he was the main spokesman at

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the time of the BRAVO fallout and was the interpreter at that time and was sort of the leading figure.

So in case I cannot answer some of the questions about the past, then he will be of some assistance to me.

My name is Johnsay Riklon. I am a Marshallese attorney from Rongelap Atoll.

As you know, Mr. Chairman, my people have lived with the fear of cancer and other illness caused by the radiation of their bodies and their lands. The radiation came from the atomic bombs tested in the Marshalls by the Government of the United States.

In order to save ourselves and our children from further harm, we had decided, approximately 1½ years ago, that we must leave our homeland until we know it is safe to return.

Some of the older people have never been away from home before, and leaving Rongelap will be very hard for them. Still, they agree and are ready to move.

We have sought the assistance of our government and of the U.S. Government to help us with this evacuation. Our own countries has been unable to assist, because it does not have enough money, or for other reasons.

Until now, the United States has given no indication of its willingness to help, although it was the U.S. Government which has placed us in the peril from which we now try to escape.

This committee has now recommended a new study to determine whether we should move. While we appreciate your concern, we do not believe we can wait another year or two for the Congress to appropriate the money and the survey to be completed.

We are convinced that we must move now to avoid additional radiation exposure. Therefore, we have asked help from other sources.

The organization known as Greenpeace has become aware of our plight and has now agreed to move my people to Ebadon on their ship, the *Rainbow Warrior*.

We wish to publicly express our appreciation to Greenpeace for their humanitarian assistance to the people of Rongelap. Thank God that someone is willing to help us reach safer ground, while the Government of the United States, with the exception of this committee, continues to ignore the dangerous situation in which it has placed our people.

The move to Ebadon will not end our problems. We will need funds for housing, to establish public works and utilities, for the development of water resources, and all other infrastructure requirements now not in existence.

We ask this committee to appropriate funds for our relocation and for the decontamination of Rongelap Atoll, and not await any further studies and delays.

Our initial projections indicate that an adequate relocation fund will require approximately $27 million. A specific projected cost analysis is now being prepared and will be submitted to this committee in writing within the next 30 days.

We are unable to estimate the amount that will be required to decontaminate Rongelap since there are no unbiased studies upon which we can rely to assess the amount of harm caused by the radiation.

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The people of Rongelap distrust the DOE, Brookhaven, and Lawrence Livermore studies. We all know the parable about the fox guarding the henhouse.

To have DOE judge the radiation residuals on Rongelap would be equivalent to the R.J. Reynolds Tabacco Co. conducting the sole study on the relationship between cigarette smoking and lung cancer.

Likewise, the people of Rongelap want and need an independent radiological study, without which study we will continue to walk in the dark and will never know the truth. We appreciate this committee's recommendation that funds be appropriated for this study.

The Rongelap people feel that the Compact of Free Association section 177 was negotiated in the same darkness, and, until a reliable study is completed, the Marshallese people will not be in a reasonable position to evaluate the fairness of its terms.

We only want justice and fair dealing. That means we need to know the true extent of the harm to our lands and our people before we can intelligently evaluate any economic settlement of our claims.

I am pleased that the U.S. Claims Court has recently held that the just compensation clause of the fifth amendment applies to the citizens of the Marshall Islands.

As a Marshallese attorney, I am convinced that section 177 and the espousal clause violate the Marshallese constitution.

Now that the Claims Court has found that the fifth amendment of the U.S. Constitution applies to a taking by radiation, I further believe that section 177 and the espousal clause violate U.S. constitutional law.

Section 177 and the espousal clause should be removed from this compact. The Marshallese were forced to negotiate this document without access to a reliable radiation study.

Such one-sided advantage taking is not appropriate when one country is supposedly trying to make amends to people they have admittedly placed in peril. Further, both provisions—section 177 and espousal—violate the constitutions of both countries.

If the compact is to move forward, in fairness to the Marshallese people and in order to avoid the enactment of unconstitutional legislation, section 177 and the espousal clause should first be removed by amendment.

I thank you for this opportunity to express my views.

Mr. SEIBERLING. Thank you, Mr. Riklon.

I'm going to ask the Congressional Research Service to give us an opinion on the constitutionality of the espousal clause under the U.S. Constitution. I don't know whether they can do it under the Marshalls Constitution, but we ought to have that opinion.

Of course, if the State Department wants to give us an additional opinion, why, we'd be happy to have that, too.

As to the matter of the $27 million estimated to cover relocation, what's that based on? What's included in that estimate?

Mr. RIKLON. Mr. Chairman, the estimate is based on the infrastructure requirements—the docks, the school house, the committee halls, the housing, and the cost of moving, and all that. That would also include land leased for the people of Ebadon.

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Mr. SEIBERLING. The Marshalls government asked for $3.2 million, and we have asked the Budget Committee to approve $3.2 million for that purpose. Is that just for immediate housing?

Mr. RIKLON. Mr. Chairman, to my understanding, that $3.2 million is totally inadequate, and we totally object to it, because we, the people of Rongelap, had no input in that budget.

We made a proposed $27 million to the government—our government—and that government itself failed to include our $27 million proposed budget in that submission.

How they came with this $3.2 million, or $2 million, $3 million, $4 million, and $5 million is beyond my comprehension.

Mr. SEIBERLING. Well, when you move in the next few weeks, what is going to be there to live in when you get to Ebadon?

Mr. RIKLON. Mr. Chairman, we have ways—every adverse consequence that we will face within the few weeks—and we have concluded that our move is to our advantage than having to stay on that island. Right now we believe it's contaminated.

As to basic needs, we believe that from human charity organizations, our relatives, and other sources, we believe we can maintain an existence, not abundantly, but at least we will survive.

Mr. SEIBERLING. Well, you heard Mr. Montoya's testimony, did you?

Mr. RIKLON. I heard the part about—that he indicated his knowledge concerning construction of a building on one of the islands that we plan to move to, and apparently he is aware of the situation.

As I said in my speech, they haven't indicated any willingness to help us.

Mr. SEIBERLING. Well, he also said that he understood that the island of Rongelap was safe, provided you didn't eat the coconut crabs?

What do you say about that?

Mr. RIKLON. To me, that is a totally untrue statement. I totally agreed with your response to him.

Mr. SEIBERLING. I guess he was referring to Bikini Island actually and not Rongelap, but isn't it a similar situation?

In other words, it's not a question of getting too much radiation if you're just there. It's a question of what you get if you eat certain food that is grown there.

Mr. RIKLON. Mr. Chairman, I think my answer to that kind of a statement would be in line with my request to have a complete study—an independent study that we can base our answer on.

Mr. SEIBERLING. Well, I think we should have a study, and we've asked for one, but I don't think there's much chance that we're going to appropriate $27 million to move people to another island unless the study indicates that it's necessary.

The $3.2 million I suppose we can justify as an emergency matter, because the people are going to move, and that's that, and according to the statement of the Marshall Islands government, the funds would be used to construct 56 housing units, a solar power system, sanitary facilities, and initiate an agricultural assistance program, and they also said that additional funds for the move will be available to the people of Rongelap under the section 177 agreement.

That's to take care, I suppose, of how many people? How many people are involved in this move?

Mr. RIKLON. At the present, I know there are at least 250 people leaving on Rongelap, but then there are other landowners who——

Mr. SEIBERLING. Well, I know, but they are already off Rongelap, so they don't have to be taken care of immediately, do they? I mean they are already living somewhere else.

Mr. RIKLON. Right.

Mr. SEIBERLING. So how many people are planning to move from Rongelap to Ebadon?

Mr. RIKLON. Roughly 250.

Mr. SEIBERLING. Two hundred and fifty. Does that mean no one will be left on Rongelap?

Mr. RIKLON. That is the general agreement among the people.

Mr. SEIBERLING. All right.

Well, I don't think there's a chance of getting any $27 million—it's going to be hard enough to get the $3.2 million—until such time as we know what the facts are with respect to the safety of Rongelap as a permanent habitation, and I do think it's absolutely essential that we get the money for that study, and we're going to press very hard for it and for the $3.2 million. Beyond that, we will have to wait and see what the study shows.

I don't blame you for being nervous and uneasy.

There was a saying that came out a few years ago, "Just because you're paranoid doesn't mean you're not being followed." This is a similar situation.

I don't blame you for being very nervous about this situation. At the same time, I don't think it's certain that merely being physically on the island is the danger; it may be that it's the food; and we need to find that out.

All right. Thank you.

Mr. Edmond, do you have anything to say? You are replacing Mr. Abija, I see.

Mr. EDMOND. Thank you very much, Mr. Chairman. I don't think I have anything more to add. Thank you very much.

Mr. SEIBERLING. All right. Thank you.

I hope you all find your stay here worthwhile, and if we can be of help to you while you are here, we certainly will.

We will be getting in touch with Ms. Ekenilang to see what can be done.

Ms. Ekenilang, let me just ask you while we're here. Are you covered by any Federal Health Insurance Program at the moment?

Mr. RIKLON. No, there is no such thing here on the islands.

Mr. SEIBERLING. No, health care program, government or private?

Mr. RIKLON. Our government health program is inadequate.

Mr. SEIBERLING. How is your health care being paid for now?

Mr. RIKLON. It is pretty much, you know, paid by the government.

Mr. SEIBERLING. Which government?

Mr. RIKLON. Our government.

Mr. SEIBERLING. The Marshall Islands?

Mr. RIKLON. Yes.

Mr. SEIBERLING. All right. Does the Department of Energy have any health program for people affected by radiation?

Mr. RIKLON. Mr. Chairman, I'd like to make some comments on that.

Mr. SEIBERLING. Yes.

Mr. RIKLON. It is my knowledge there was an Omnibus Territorial Act by Congress—an act by the Congress specifying some funds for medical reasons, you know, for the people of Rongelap, but that hasn't been very helpful to the people of Rongelap, as far as I'm concerned, or as I know.

Mr. SEIBERLING. Just yesterday, the Government announced that they finally approved a contract to take care of the health needs of the people of the four atolls—just yesterday. It took a long time for us to get to that point, but at least we're there.

It may be that that could be one of the solutions for Ms. Ekenilang's problem, but while you are here, we will explore whether there is anything else that might be done to give her some medical advice and assistance on that problem.

Well, if there are no other questions or comments, I guess this hearing will stand adjourned.

[Whereupon, at 1:20 p.m., the subcommittee was adjourned.]

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APPENDIX

THURSDAY, MARCH 14, 1985

ADDITIONAL MATERIAL SUBMITTED FOR THE HEARING RECORD

STATEMENT OF RICHARD T. MONTOYA, ASSISTANT SECRETARY OF THE INTERIOR FOR TERRITORIAL AND INTERNATIONAL AFFAIRS, BEFORE THE HOUSE SUBCOMMITTEE ON PUBLIC LANDS, REGARDING THE COMPACT OF FREE ASSOCIATION AND ISSUES RELATING TO THE REPUBLIC OF THE MARSHALL ISLANDS, MARCH 14, 1985

Mr. Chairman and Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss the Compact of Free Association and related issues concerning the Republic of the Marshall Islands.

If I may, I too would like to welcome the representative of the Republic of the Marshall Islands, Chief Secretary, Mr. Oscar DeBrum, and to congratulate the Marshall Islands on the distance it has travelled on the road toward implementing the Compact of Free Association.

In your letter of invitation, you requested that we address specifically the issues of (1) transitional needs, (2) plebiscite political education, (3) the economic and financial standing of the Marshall Islands and its ability to meet its obligations, and (4) the Compact-required Marshalls development plan.

Transitional Needs

Most of the major governmental responsibilities have been transferred from the Trust Territory government to the Marshall Islands governnent over the last few years beginning in 1979

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when the constitutional government was established. Recently we have been hearing a lot from governments in the Trust Territory about transition needs. Many people have begun to read the Compact in depth and find that business-as-usual is about to change. This is especially so in the case of Federal programs. Federal programs account for approximately $35 million a year in Trust Territory funding, with the Marshall Islands reporting an average of $7.8 million a year in Federal program moneys in the 1980 to 1984 period.

Those with jobs in the Federal program area have recently become aware that, with the exception of five programs, Federal programs will be terminated when the Compact takes effect. This termination process is premised on the fact that the emerging freely associated governments, if they are to be truly self-governing, must determine their own priorities and needs, rather than having program policy dictated from Washington.

Funding provisions of the Compact were drafted with the Micronesian negotiators fully aware of Federal program termination. Compact funding, therefore, was increased to take into account the loss of these program funds. From among the programs it now has, the Marshall Islands will be able to select the ones that the Marshalls determine should be continued under the system they establish with Compact funds. With the latitude allowed by the Compact, they will be fully free to modify those programs, and, if need be, institute new programs. Technical assistance

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can be provided by Federal agencies, if requested by the Marshalls.

Transition or change is upsetting. Those who benefit from a program, especially those with administrative jobs, are bound to be apprehensive. Because the governments of the Trust Territory are democratic and, therefore, respond to political pressure, we anticipate that most of the Federal program jobs will continue with Compact or local funding at the beginning of the Compact period, and that changes will be made gradually thereafter as needs are redefined.

You may recall that seven years ago the Executive Branch developed a strategy for scaling back Federal programs in the Trust Territory with the idea that the people of the Trust Territory should become less dependent on such programs. This view did not prevail.

The Department of the Interior began phasing down the Trust Territory government seven years ago in order to ready the freely associated governments for Compact implementation. A similar opportunity is available to the government of the Marshall Islands to modify what will be their former Federal programs. The Marshalls government is in a good position now to begin implementing desirable changes in its menu of Federal programs and to begin positioning itself to assume administrative responsibilities at the beginning of the Compact period.

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Plebiscite Political Education

The people of the Marshall Islands approved the Compact of Free Association with 58 percent of the vote in a plebiscite held on September 7, 1983. In preparation for this plebiscite, a political education program was conducted between November 1982 and February 1983, resumed in July and continued until September 5, 1983. Of the $300,000 contributed by the Department of the Interior for conducting the plebiscite, approximately $200,000 was devoted to political education. The political education program was designed to inform the Marshallese public of the Compact and related constitutional information. Safeguards were adopted to prevent the program from being used to inhibit thinking or advocate a pro or con position on the Compact.

The Commission on Political Education compiled statistics showing that 4,500 persons, or approximately one-third of the the Marshalls registered voters, attended the 129 meetings of the political education task force teams. The United Nations visiting mission, with representatives from the United Kingdom, France, Papua New Guinea, and Fiji, found that many of those attending were heads of families, community leaders or otherwise educated persons. They were able to pass on to others the knowledge they acquired at the meetings. Radio and written material were used extensively and effectively.

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The United Nations observers, in their Report of the United Nations Visiting Mission to Observe the Plebiscite in the Marshall Islands, Trust Territory of the Pacific Islands, September 1983, unanimously said:

> . . . (W)e were impressed by the systematic and practical way in which the programme had been planned and executed, by the excellent quality of the written material and radio programmes and by the determination to present a difficult and sometimes dull subject in a lively and interesting manner. . . . (T)he programme was most impressive both in its planning and execution.

We believe that the political education program in the Marshall Islands was well run, and we concur with the positive statements of the United Nations visiting mission.

Economic and Financial Standing

Based on information we have received at the Department of the Interior, we hold out hope that the economic potential of the Marshall Islands will be realized, but this is tempered by concern.

Beginning in 1978, the Government of the Marshall Islands initiated several ambitious economic development projects including (1) establishment of an inter-island airline, (2) building of a $24 million power plant and fuel bunkering tank farm, and (3) construction of a copra processing plant. The most crucial point to be made about these development projects is the amount of debt that the Government of the Marshall Islands assumed in the process -- approximately $37.4 million.

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The United States is not liable for any of the this debt, and was not directly involved in the process of obtaining the loans. The Government of the Marshall Islands, overly optimistic about how early Compact payments would come on line, has had to renegotiate this debt. Of necessity, such renegotiations call more heavily on out-year resources. This increased burden during the years of the Compact means that fewer of the Compact funds will be available for funding economic development than might otherwise have been included in the economic development plans required by the Compact.

We must, however, point out encouraging economic news. We are told that in 1984 the copra processing plant earned $5.4 million, an increase of $3.4 million over the previous year. Earnings were used to retire short- and long-term debt and provide drought relief to copra producers.

Further to the credit of President Amata Kabua, he and his government have realized that the debt burden is one with which they must deal. In order to live within its means, the Government of the Marshall Islands has initiated an austerity program that includes increasing local taxes, doubling import taxes, increasing health service fees, using an Interior-funded computer to aid in collecting utility bills, freezing government hiring, and limiting government travel. It should be noted that the government of the Marshall Islands (1) is meeting its debt service obligations,

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(2) is paying more on its medical referral debt than any other Trust Territory government, (3) has hired a public auditor who has issued the Marshalls first annual financial report, and (4) with Interior technical assistance, has planned for improved cash management that will yield interest on temporarily idle funds.

The Marshall Islands must also be complimented for trying to resolve the serious off-shore banking problems that developed there. Continued attention must be paid to this issue if the Marshall Islands international reputation is to be protected. We will continue to provide technical assistance to the Marshall Islands to improve the regulation of off-shore banks. In order to safeguard and properly handle the large amounts of money that will flow through the islands during the Compact period, the Marshalls must develop a trusted and secure banking sector. Properly insured on-shore banks are also a necessity for local savings and economic development.

Without stringent government controls, Marshalls banking problems and debt could prove to be a continuing burden. On the other hand, the economic development already underway may be giving the new nation a headstart on economic growth. We are hoping that history will record a headstart. Only time will tell.

Compact Economic Development Plan

This brings us to the request for comment on the first of

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the economic development plans required by Compact section 211(b). This section requires that each freely associated state provide an "overall economic development plan," to be concurred in by the Government of the United States before the effective date of the Compact. Under Compact section 211(a) the Marshall Islands will receive approximately $134 million over fifteen years in capital account funding -- that is (1) for construction or major repair of capital infrastructure, or (2) for public and private sector projects identified in the official overall economic development plan. This is an average yearly expenditure of approximately $8.9 million in capital account funds. Compact section 211(b) also provides that the overall economic development plan once in place may be amended by the Government of the Marshall Islands.

The overall economic development plan of the Republic of the Marshall Islands for the first five years of the Compact period was received by the United States in January 1985. It is under review within the Executive Branch. We, therefore, do not have formal comments to share at this time. Suffice it to say that we are pleased that for the first time, comprehensive, overall, long-range planning is being undertaken directly by the Marshallese people, instead of by outside parties. Proper implementation of the plan is the crucial part of this entire process. Implementation is where the greatest dangers lie and where tough decisions will decide the economic fate of the Marshall Islands.

The fact that a five-year plan has been submitted, coupled with Compact audit requirements, will allow the United States the opportunity to review capital account spending and ensure that spending targets are being met in subsequent five-year periods.

We wish the Marshall Islands prosperity and success in its future relations with the United States.

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF HAWAII

THE PEOPLE OF BIKINI, et al.,	)	
Plaintiffs	)	
v.	)	Civil Action No. 84-0425
UNITED STATES OF AMERICA, et al.,	)	
Defendants.	)	

MEMORANDUM OF AGREEMENT

Plaintiffs (hereafter referred to as the people of Bikini) and defendants (hereafter referred to as the United States) in the above-entitled action agree as follows:

Preamble

The people of Bikini desire to set forth in this Memorandum of Agreement certain undertakings and intentions with respect to the benefits which they expect to receive under the Compact of Free Association (the Compact) between the Government of the United States and the Government of the Marshall Islands, its related agreements and this Memorandum of Agreement. In light of the provisions of the Compact and the Agreement referred to in Compact Section 177 (the Compact Section 177 Agreement), the people of Bikini believe that the benefits which they will derive

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from the Compact, the Compact Section 177 Agreement and this Memorandum of Agreement provide the means to accomplish their goal of the rehabilitation and resettlement of Bikini Atoll.

The United States desires to set forth in this Memorandum of Agreement certain actions, either taken or intended, which it believes appropriate and relevant to the implementation of the Compact Section 177 Agreement and to the actions of the people of Bikini set forth in this Memorandum of Agreement.

Article I

The Rehabilitation and Resettlement of Bikini Atoll By the People of Bikini

Section 1.

The United States views with favor the rehabilitation and resettlement of Bikini Atoll by the people of Bikini and pledges to the people of Bikini to use its best efforts to facilitate the steps necessary to achieve these objectives.

Section 2.

The United States shall provide funds, pursuant to Article VI of the Compact Section 177 Agreement, to assist the people of Bikini in their resettlement of Bikini Atoll. The United States intends that these funds be used for resettlement activities which, to the maximum extent practicable, contribute to the rehabilitation of Bikini Atoll, and especially Bikini Island. The United States will not be in a position to implement Article VI of the Compact Section 177 Agreement, or the intention of this section, unless and until the following events have taken place:

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a. the submission of a final report to the Congress of the United States by the Bikini Atoll Rehabilitation Committee;

b. the acceptance by the people of Bikini of the final report and conclusions of the Bikini Atoll Rehabilitation Committee; and

c. the development of a plan by the United States, in consultation with the people of Bikini, for the use of the funds to be provided by the United States for the resettlement of Bikini Atoll by the United States in accordance with Article VI of the Compact Section 177 Agreement and approval of the plan by the people of Bikini in the context of their agreement to resettle Bikini Atoll. This plan shall, to the maximum extent relevant and practicable, incorporate material from the final report of the Bikini Atoll Rehabilitation Committee, and the United States shall expeditiously complete the plan following submission of a final report to the Congress of the United States by the Bikini Atoll Rehabilitation Committee.

Section 3.

Recognizing the desire of the people of Bikini for the rehabilitation and resettlement of Bikini Atoll, and in order to make the most effective use of funds available to the Bikini Atoll Rehabilitation Committee pursuant to Public Law 98-473, the United States shall assist the Bikini Atoll Rehabilitation Committee, on a reimbursable basis unless otherwise agreed, to conduct at Bikini Atoll the pilot decontamination studies,

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topographic survey, draft environmental impact statement, detailed surface radiation survey and other activities referred to in H. Rep. No. 98-886, at 60-61 (June 29, 1984). Such assistance shall include but not be limited to logistical arrangements with respect to transportation to and from Bikini Atoll, technical assistance from the Lawrence Livermore National Laboratory and other assistance as shall be deemed reasonable by the United States to expedite the work of the Bikini Atoll Rehabilitation Committee.

Article II

Dismissal of Litigation

The people of Bikini, within three days of the date of this Memorandum of Agreement, shall dismiss with prejudice the action entitled The People of Bikini, et al, v. The United States of America, et al. No. 84-0425, currently pending in the United States District Court for the District of Hawaii.

Article III

Non-Admissibility of Agreement

This Memorandum of Agreement shall not be introducted as evidence or in any way brought before the court by the parties in the case of Tomaki Juda, et al. v. The United States of America, No. 172-81L, currently pending before the United States Claims Court. This Memorandum of Agreement does not constitute a waiver of any legal rights, claims, defenses or arguments which any of the parties may have in any other litigation which may be brought in any court of the United States, in any other court or before

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the Claims Tribunal referred to in Article IV of the Section 177 Agreement.

Article IV

Legal Effects

This Memorandum of Agreement creates no new or independent legal rights in the people of Bikini.

Article V

Amendment

This Memorandum of Agreement may be amended or terminated in whole or in part at any time by mutual agreement.

Respectfully submitted,

RICHARD K. WILLARD
Acting Assistant Attorney General

DANIEL A. BENT
United States Attorney

MARK BENNETT
Assistant United States Attorney

Jonathan M. Weisgall
JONATHAN M. WEISGALL
ELIZABETH LANGER
RICHARD A. CLIFTON

Attorneys for Plaintiffs

Stephen E. Hart
DENNIS G. LINDER
STEPHEN E. HART
HAROLD N. ISELIN

Attorneys for Defendants

Dated: March 13 1985

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United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

APR 11 1985

Honorable John F. Seiberling
Chairman, Subcommittee on
Public Lands
Committee on Interior and
Insular Affairs
House of Representatives
Washington, D. C. 20515

Dear Mr. Seiberling:

After your March 14, 1985 subcommittee hearing on the Compact of Free Association and its relationship to the Marshall Islands, you sent us written questions for answering.

The answers are enclosed. Should you require additional information on this subject, we will be happy to secure it for you.

Sincerely,

Richard T. Montoya
Assistant Secretary
Territorial and International Affairs

QUESTIONS FOR THE DEPARTMENT OF THE INTERIOR

1. QUESTION: We would like to have from the administration a precise plan for the role the Congress will play in approving the economic development plans for these Micronesian governments. As you know, this subcommittee has indicated it wants to have some input into the approval process and believes that the other committees involved will also want to. Can you by letter spell out exactly what steps Congress will be involved in as far as the approval process goes, including tentative dates, and so forth.

ANSWER by the Office for Micronesian Status Negotiations: The Micronesian Interagency Group is responsible in the Administration for coordinating the review and concurrence of the Marshalls and Federated States national development plans as specified in Compact section 211. An interdepartmentally based working group of experts drawn from the departments of State, Commerce, and Treasury, OMB and AID will review the plans and report their findings and recommendations to Ambassador Zeder and the Interagency Group. That group will also meet, if necessary, with officials of the governments of the Marshall Islands and the Federated States of Micronesia to discuss their findings and proposed recommendations.

The Interagency working group has instructions to solicit Congressional committee reactions and views on the Marshalls and Federated States of Micronesia plans. Additionally, members are encouraged to discuss the matter directly with Ambassador Zeder. The Administration is committed to the principle that Congressional viewpoints be fully represented in the concurrence process for the national development plans.

2. QUESTION: My subcommittee office will provide your office after this hearing with several studies that we have received questioning the safety of living on Rongelap Island. We would like your office, in consultation with the Department of Energy, to take a look at these studies and respond to this subcommittee in writing by March 29 as to why the U.S. Congress should not appropriate money to conduct an independent radiological dose assessment study of Rongelap Island and the food chain to determine whether it's safe to live there and to eat the food.
(Two studies are attached.)

ANSWER: The Department of Energy (DOE) has been conducting radiological surveillance and monitoring programs in the Marshall Islands since early 1950's. These programs resulted from the atmospheric nuclear tests conducted at Bikini and Enewetak Atolls and the accidental exposure of the Rongelap people to fallout in 1954 from the Bravo event. Reports from

these programs discuss the methodology utilized for data collection, dose assessment, sampling for water, flora, fauna and soil, sample processing, and statistical analysis. The Department of Energy conducted a radiological study of Rongelap Atoll as part of its Northern Marshall Islands Radiological Survey in 1978. The survey collected samples of water, soil, flora and fauna at twelve atolls and two islands. A series of reports were published in 1981 by the Lawrence Livermore National Laboratory under contract to the Department of Energy. The reports are readily available to the public through the Department of Commerce, National Technical Information Service.

The basis for DOE's Marshall Islands dose assessments and published reports is a continuous program of data collection, analysis and interpretation extending over many years and involving participation of DOE national laboratories. The work has been subjected to continuous review by recognized experts, including members of the National Council on Radiation Protection, and the International Commission on Radiation Protection. In addition, the methodology used in arriving at a dose assessment at Rongelap Atoll had been utilized in the dose assessments of Enewetak and Bikini Atolls. The reports resulting from these latter assessments have been reviewed by independent, nongovernmental groups on four separate occasions. In each instance, DOE's methodology, analysis and conclusions were determined to be sound and accurate. We assume the same positive conclusions would be drawn with regard to the methodology used in DOE's 1978 Rongelap dose assessment.

The Department of Energy is aware of Dr. Morgan's testimony with regard to the radiological conditions at Rongelap, but has only recently seen Dr. Thomas Hamilton's Preliminary Report on Health Effects. Due to the pending litigation in the Federal courts against the United States where Drs. Morgan and Hamilton appear to be consultants to plaintiff's counsel, it would be inappropriate for us to comment directly on these statements.

In lieu of a new and independent radiological dose assessment on Rongelap Atoll, which if done with sufficient rigor would be costly and time-consuming, we would urge Congress to review the existing DOE scientific information available on the radiological conditions at Rongelap before appropriating funds for an additional study. Enclosed are copies of the pertinent reports for your information and retention.

3. QUESTION: The subcommittee would like to know how the U.S. government obtained title to Ujelang. Please provide us with this information.

ANSWER: The Germans purchased Ujelang from the island's traditional owners in the late 1800s for use as a copra plantation. All Marshallese then living on Ujelang were moved to other islands in the Marshalls. Japan succeeded to ownership of the island according to the Mandate of the League of Nations and international law. The Trust Territory of the Pacific Islands succeeded to Japanese ownership and confirmed its ownership as public land. The History of Naval Administration, Volume III, indicates that Ujelang was chosen as the resettlement site for the people of Enewetak because the island was public land and uninhabited at the time.

REPUBLIC OF THE MARSHALL ISLANDS
MAJURO, MARSHALL ISLANDS 96960 CABLE REPMAR

STATEMENT OF CHIEF SECRETARY OSCAR DE BRUM,
REPUBLIC OF THE MARSHALL ISLANDS,
to the
SUBCOMMITTEE ON PUBLIC LANDS AND NATIONAL PARKS,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
UNITED STATES HOUSE OF REPRESENTATIVES,
in respect to
THE COMPACT OF FREE ASSOCIATION

Mr. Chairman and distinguished members of this Committee:

On behalf of President Amata Kabua and the Government and the people of the Marshall Islands, we would like to thank you for the opportunity to submit testimony on the Compact of Free Association (the Compact). We wish to share with you what the Compact means to the people of the Marshall Islands, and to urge its expeditious approval by the United States Congress.

THE POLITICAL STATUS NEGOTIATIONS

Mr. Chairman, it has taken 15 years of sometimes difficult negotiations to successfully conclude the Compact of Free Association. Where the interests of the Marshall Islands and the United States differed, they were closely examined and accommodations were made. As divergent views within the Marshall Islands came to the forefront, they too were examined and often incorporated into the negotiating process.

Throughout this process, the Marshall Islands has consistently sought a unique political status of "free association" with the United States, which includes--

- recognition of the right of our people to adopt and amend their own constitution;

- recognition that sovereignty over the Marshall Islands resides in the people of the Marshall Islands and their duly constituted government;

- recognition that the people of the Marshall Islands possess the right of self-determination and may therefore choose independence or self-government in free association; and

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- recognition that the Marshall Islands may unilaterally terminate free association.

Under the Compact, as negotiated, these objectives have been met. That is not to say the Compact is a perfect document. The Compact by its very nature is a document of compromises. However, the people of the Marshall Islands believe free association, under the Compact, is a fair and equitable relationship. On 7 September 1983, 77% of the registered voters of the Marshall Islands cast their ballots in the Compact plebiscite. A 58% majority of those who voted approved the Compact, and its related agreements. In October of 1983, the Nitijela (our parliament), after carefully studying the Compact, approved it by a 20 to 5 vote. Concurrently, our Cabinet unanimously approved the Compact. By such action the Compact, and its related agreements, were approved by our Government pursuant to its constitutional processes.

In recognition of the special interests of the people of Bikini, Enewetak, Rongelap and Utrik, the Government of the Republic of the Marshall Islands included their representatives within its delegation to the nuclear claims negotiations. Similarly, in recognition of the special interests of the Kwajalein people, the Government included their representatives within its delegation to the military land use negotiations. As a result, the nuclear claims agreement and the military land use agreement, as concluded, incorporate input from those Marshallese most directly affected.

We also note that from 1969 through 1973, members of the opposition party represented the Marshall Islands in the status talks, and at the invitation of President Kabua, members of the opposition Party participated in the Maui round of negotiations in October of 1981.

THE COMPACT OF FREE ASSOCIATION

Mr. Chairman, although you and this Committee have examined the Compact and its related agreements in detail, I would like to briefly summarize for you what the Compact means to the people of the Marshall Islands.

First, and foremost, the Compact recognizes that through the exercise of our sovereign right to self-determination we have created a constitutional government, approved the Compact, and have authority and responsibility over our internal and foreign affairs. This sir, is very important to us. Although we will remain part of the American family, we will be self-governing. We are a sovereign people.

Under the economic provisions of the Compact, we shall have control over our economic development and the tools with which to be successful. With the financial, trade and tax provisions of the Compact, we can plan for the future and address our present needs. This includes not only development of our population centers, but our outer islands as well. We will be able to provide to our outer islands the infrastructure and services they need to encourage their communities to grow and remain attractive places in which to live and work. Already we have constructed 20 airstrips throughout the Marshall Islands and we are providing passenger, freight and medical referral service to the outer islands.

For the generosity the United States has shown us in the Compact negotiations and during the Trusteeship period, we are indeed grateful. So that you shall be aware of how we intend to use our development funds during the Compact period, we have provided to you a copy of the initial five year plan of our 15 year Compact development program. For your convenience we have attached a summary of the plan to this statement, along with an analysis of the plan by the independent press of the Marshall Islands. I note again, the current plan covers only the initial five years of our 15 year development program, we are in the process of developing a perspective plan in respect to the remaining 10 years of the Compact period. This document will identify broadly the issues of development that the Marshall Islands will face during this period and strategies which address them effectively.

Under the security and defense provisions of the Compact, and its related agreements, we will be blessed with the guarantee of a stable environment in which our economy can grow, and our government can mature. These provisions grant to the United States full authority to carry out its responsibility for the security and defense of the Marshall Islands, including the authority to deny access to the Marshall Islands by the military forces of third countries.

In this connection, I note that although the United States will have broad authority for security and defense matters, it is intended that such authority will only be exercised in good faith and subject to the provisions of the Compact, and its related agreements, including but not limited to Compact sections 311(c), 313, 351 and 352. It is not intended that this authority could be exercised in an arbitrary or capricious fashion.

Mr. Chairman, this is, in brief, how we view the Compact. The clear benefits to both our governments underline why the Compact should be expeditiously approved. At this time, I would like to discuss in some detail aspects of the Compact and related issues which I know are of concern to this Committee -- the military use

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and operating rights agreement, the nuclear claims agreement, the plebiscite education program, the financial status and economic development of the Marshall Islands, transition matters, and the effect of the Compact on the territories.

THE MILITARY USE AND OPERATING RIGHTS AGREEMENT (MUORA)

The main features of the MUORA are as follows:

1. For the sum of $9.0 million annually ($7.1 million from Section 211 funds and $1.9 million from Section 213 funds), the United States for an initial term of 15 years will have free access to and unrestricted control of designated defense sites within Kwajalein Atoll, and the United States will control entry and movement of people within the mid-corridor as described in the MUORA.

2. At the option of the United States, its use rights on Kwajalein Atoll can be extended another 15 years. Annual payments of $9.0 million would continue, and there would be a one time payment of $2.5 million. Under an earlier version of this agreement, the United States could extend its use rights 35 years. The option term was shortened at the request of Kwajalein landowners.

3. In the exercise of its use rights, the United States must use its best efforts to avoid harm to the people, environment and commerce of the Marshall Islands.

4. Should the United States need additional land within the Marshall Islands, the United States may request of the Government of the Marshall Islands that it provide such land by lease or other arrangements. The Government of the Marshall Islands will sympathetically consider any such request and shall provide a prompt response, although the Government is not required to provide the requested land.

5. There shall continue to be a Community Relations Council (CRC) with representatives from the Government of the United States, the Government of the Marshall Islands, and the Kwajalein Atoll community. The CRC shall identify and consider all matters affecting relations between the defense site and the Kwajalein community, and shall recommend ameliorative action as appropriate.

6. Those Marshallese now working on the defense site will continue to be employed at United States pay scales, and all Marshallese employees, including new hires, shall receive equal pay for equal work.

The sums received by the Government of the Marshall Islands

under the MUORA shall, pursuant to separate agreements entered into between the Government of the Marshall Islands and the Kwajalein landowners, be passed through to the landowners. Under those agreements, the Kwajalein landowners must during the first fifteen years dedicate $2.84 million annually to Kwajalein Atoll development projects. During that same time period $6.16 million will be available annually for use payments to the landowners. Should the United States decide to extend its use of Kwajalein an additional 15 years, the Kwajalein landowners must dedicate $1.9 million of the $9 million they will receive annually to Kwajalein Atoll development projects. The remaining $7.1 million will be available for land use payments along with the $2.5 million option payment. Over 30 years, this will result in $71.1 million for development projects for Kwajalein Atoll alone, and $201.4 million in land use payments for the landowners. Both sums will, in part, be adjusted for inflation.

As Kwajalein Atoll Local Government Mayor Alvin Jacklick pointed out in his 25 February 1985 statement before the House Subcommittee on Pulbic Lands, significant improvements have been made in Kwajalein Atoll. These improvements are the result of several projects funded by the United States under the Interim Use Agreement, the Capital Improvement Projects program, and grants from the Environmental Protection Agency. We greatly appreciate this assistance.

Those projects contracted for by the Government of the Marshall Islands in consultation with the Kwajalein leadership include: rehabilitation and maintenance of the sewer treatment plant and the salt water flushing system; repair and upgrade of the fresh water system; upgrade of the power plant, with the repair and purchase of generators and the purchase of new switchgear providing 3,000 kilowatts of available power; renovation and maintenance of the hospital; construction of a 80,000 square foot container yard and 18,000 square foot warehouse with freeze, chill and dehumidified facilities; and paving of the main circumferal road.

Those projects initiated by the Kwajalein Atoll Development Authority (KADA) with the assistance of the national government include: tree planting to construct a wind break; construction of 12 classrooms for the Ebeye headstart program; construction of an office building for KADA; waterproofing the roof of the community services and shelter building; renovation of existing water tanks and gutters on public housing; painting of water tanks and pumping facilities; purchase of a fire hose and fittings for the use of a temporary fire pump until the arrival of a fire truck scheduled for later this year; and construction of a new power plant and desalination plant to alleviate the shortage of potable water.

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The progress resulting from these projects will, under the direction of KADA, be continued with the $71.1 million in Kwajalein development funds described above. However, as outlined later in this statement, additional sums are needed to fund all the projects desired by the Kwajalein community for their development.

THE NUCLEAR CLAIMS AGREEMENT

Mr. Chairman, between 1947 and 1958 the United States detonated 66 nuclear weapons at Bikini Atoll and Enewetak Atoll, contaminating to some extent at least 13 islands and atolls in the northern Marshall Islands, causing the dislocation of 167 Bikinians and 134 Enewetakese, and subjecting other Marshallese, including 253 Rongelapese and Utrikese, to dangerously high levels of radiation. As a result of such radiation exposure, thyroid abnormalities have developed among the affected population.

On 25 June 1983, we signed a comprehensive agreement with the United States to settle claims arising out of the United States nuclear testing program in the Marshall Islands (the Nuclear Testing Program). This agreement was renegotiated when an earlier version, concluded in May of 1982, had proven to be unacceptable to the people. The main features of the renegotiated nuclear claims agreement are as follows--

1. On the effective date of the Compact, the United States will pay to the Marshall Islands $150 million. This sum will be invested by the Marshall Islands in a perpetual fund that will yield $18 million per year for each of the first 15 years. The fund and its earnings cannot, without the consent of the Governments of the United States and the Marshall Islands, be used or pledged for any purpose other than to address the unique needs of the people of the Marshall Islands as a result of the Nuclear Testing Program.

2. From fund earnings in the first 15 years, the Government of the Republic of the Marshall Islands shall receive $2 million annually to purchase from the United States services to assist the government to include, in its health-care system, health-care programs and services related to consequences of the Nuclear Testing Program and contemplated in United States Public Law 95-134 and United States Public Law 96-205. Such services can include the continuation of the United States health care activities in the Marshall Islands initiated prior to the effective date of the Compact.

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3. During the first 15 years of the fund, the people of Bikini, Enewetak, Rongelap and Utrik will receive a guaranteed total of $183,750,000 in quarterly payments allocated as follows:

   - to the people of Bikini: $75 million;
   - to the people of Enewetak: $48.75 million;
   - to the people of Rongelap: $37.5 million; and
   - to the people of Utrik: $22.5 million.

4. The local government council for each of the above atolls will be the distribution authority for the sums allocated to its people. These funds are to be used to compensate the people for loss or damage to property and person as a result of the Nuclear Testing Program, and can be used for projects such as supplemental feeding programs, rehabilitation of contaminated lands, resettlement, education and the like. Pursuant to an agreed minute developed by the attorney for the people of Bikini, Jonathan Weisgall, during the first 15 years of the Compact, the people of Bikini will have available for community projects or to distribute among themselves $2.4 million each year. The remaining annual proceeds of $2.6 million will be invested in a perpetual trust (the Bikini Fund) with reinvestment of 65 to 85 percent of the interest income. Assuming this trust earns 10 percent interest per year, the Bikini people will have an additional $6.7 million to $14.29 million to distribute among themselves during the first 15 years, and the Bikini Fund will grow to between $65.52 million and $77.35 million. Based on a current population of 1,200, a population growth rate of 4 percent, an average of 8 people per household and 65% reinvestment, each Bikini household can have an average annual income of approximately $16,047 during the first 15 years of the Compact. This sum will be in addition to any income the Bikinians may earn. For comparison we note that the mean annual family income in the Trust Territory of the Pacific Islands (i.e., the Federated States of Micronesian, the Republic of Palau, and the Republic of the Marshall Islands) was $1,926 according to the most recent census figures. After the first 15 years, 30 to 85 percent of the income interest on the Bikini Fund will be reinvested. Based upon 65% reinvestment during the first 15 years, this means that the Bikinians will have between $27.75 million and $96.43 million available to distribute among themselves in the second 15 years while retaining a trust fund of between $102.08 million and $222.75 million at the end of that same period for future generations. Pursuant to an

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agreed minute developed by the attorney for the people of Enewetak, David Anderson, the people of Enewetak may elect to assign their right to receive the $48.75 million available to them under the 177 Agreement for a present payment. This present payment would provide the people of Enewetak with at least $25 million. Of this amount $10 million would go to pay claims, $5 million would be set aside for a trust, the income of which would be used to continue the food supplement program and the agricultural maintenance programs now administered by the United States, and the remaining $10 million would be available for the establishment of a perpetual trust (the Enewetak Fund). Twenty to thirty percent of the interest generated by the Enewetak Fund will be reinvested. At an annual interest rate of 10%, this will produce between $13.02 million and $13.83 million for community projects or distribution directly to the people of Enewetak during the first 15 years of the fund, as the people of Enewetak deem appropriate. Further, the Enewetak Fund would grow to between $13.46 million to $15.58 million during that same period for the support of future generations. The estimated size of the Enewetak population is 800 and the population growth rate is approximately 4 percent. If the $10 million in claims money and the distribution of the Enewetak Fund, based upon twenty percent interest investment, were divided on a per capita basis, each Enewetak family of 8 persons would receive an average amount of $11,629 annually during the first 15 years. Similar agreed minutes will be developed for the people of Rongelap and the people of Utrik which numbered 233 and 328 on their respective atoll, according to the 1980 census. Of course, both populations have increased since the census was taken, and certain Utrikese and Rongelapese live outside their home atoll and so were not included in the census report in respect to either Utrik or Rongelap.

5. Under the provisions of the nuclear claims agreement, the Government of the Marshall Islands can contract with the United States for the continuation of the Enewetak agriculture and food supplement programs and for the continuation of the Bikini food supplement program. Should the people of Enewetak or Bikini decide they wish to dedicate a portion of their claims funds for the continuation of such programs, it is the intent of the Government of the Marshall Islands to enter into the necessary contractual arrangements with the United States on an reimburseable basis.

6. Also a Claims Tribunal will be established for the adjudication of uncompensated claims raised during the first 15 years of the fund. A total of $45.75 million will

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be available to the Tribunal for payment of any such claims of the people of the above-mentioned atolls or any other Marshallese. The Tribunal will be established by the Government of the Marshall Islands, but will be independent of its executive and legislative branches.

7. It is also contemplated that the original sum of $150 million will remain intact after the first 15 years, and that up to 75% of the interest earned by the fund will be available to the Claims Tribunal to pay uncompensated claims, if any. Interest earned by the fund, but not required to make the above-mentioned payments, shall be made part of the fund or used by the Government of the Marshall Islands for other programs and services for the people of the Marshall Islands as their unique needs and circumstances resulting from the Nuclear Testing Program may require, including the continuation of health and radiological monitoring programs now provided by the United States Government.

8. The agreement will settle all claims of the Marshallese people against the United States as a result of the Nuclear Testing Program, and no United States court will have jurisdiction to entertain such claims. Claims now pending in the United States courts will be dismissed.

The present nuclear claims agreement is a significant improvement over the earlier one which provided only $150 million over 15 years. The new agreement provides $420 million over the same period of time. For those Marshallese and their descendants who suffered loss or damage to property and person as a result of the United States Nuclear Testing Program, this settlement compares very favorably to the settlement obtained by United States serviceman claiming injuries as a result of exposure to agent orange, and it compares favorably to a court judgment obtained by families of those exposed to radiation from nuclear tests within the United States.

A segment of those Marshallese affected by the Nuclear Testing Program contends that the level of compensation under the revised nuclear claims agreement is not sufficient. We ask that you consider these claims, although we believe that the revised agreement is not only comparatively a good settlement, it is fair. These additional claims, or rather requests, are set forth below.

With conclusion of the nuclear claims agreement in June of 1983, the Compact of Free Association and its related agreements were put to a plebiscite of the people on 7 September 1983.

THE PLEBISCITE

The plebiscite was preceeded by an extensive education program which included frequent radio broadcasts and 129 community meetings sponsored by a non-partisan plebiscite task force. These meetings were attended by 4,495 Marshallese, about 30 percent of the estimated number of eligible voters. The task force teams visited almost all of the populated centers in the Marshall Islands, as well as five cities in the United States where Marshallese students reside. During the plebiscite program pro-compact and anti-compact forces also made radio broadcasts, issued newspaper advertisements and held rallies throughout the Marshall Islands. The Government of the Marshall Islands can say with confidence that everyone who wanted to learn about the Compact of Free Association and its related agreements had an opportunity to do so, and many did.

On 7 September 1983, over 10,000 Marshallese, or 60 percent of the eligible voters, participated in the plebiscite. In response to Part 1 of the plebiscite ballot, the Compact and its related agreements were approved by a 58 percent majority. The results represent a free and informed sovereign act of self-determination by the people of the Marshall Islands, and provide the basis for termination of the Trusteeship and implementation of the Compact. In response to Part 2 of the plebiscite ballot, less than 30 percent of the voters indicated a preference for any political status other than free association (in the event free association was not approved). Moreover, less than five percent of the voters indicated a preferrence for either independence or commonwealth. The results of the plebiscite incontestably prove that those who advocate commonwealth or independence for the Marshall Islands do not have the support of the people. The people of the Marshall Islands have spoken, and they have chosen free association as set forth in the Compact.

Let me share with you the words of the United Nations visiting mission that observed the Marshall Islands plebiscite (see the Report of the United Nations Visiting Mission to observe the Plebiscite in the Marshall Islands, Trust Territory of the Pacific Islands, September 1983, Trusteeship Council Official Records: Fifty-First Session (May-June 1984) Supplement No. 2, a copy of which I understand has been entered into the record of these hearings)--

1. "A lively political campaign accompanied the plebiscite. It was fought fairly; there was no violence; and everyone was able to express his or her view freely and openly."

2. "The political education program was most impressive both in planning and in execution. Not only were the task force teams helped by some excellent written material, but the use of the radio, to which virtually everyone has access,

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was a particularly important feature. Care was taken to monitor the work of the teams and in particular to ensure that they did not advocate the acceptance of the Compact. We were particularly impressed by the success of the task force members in retaining a very high degree of impartiality. Largely as result of the work of the political education program, the Marshallese were able to cast their votes with a knowledge of the major issues involved and with at least some idea of the alternative constitutional options."

3. "The alternative constitutional options did not excite much interest. Although care was taken in the political education program to explain independence and commonwealth status, ... [Out of over 10,000 voters] only 474 chose independence and 404 commonwealth status."

4. "The polling arrangements were, in general, excellent. ... We were impressed by the care taken by polling officers to follow scrupulously the regulations so as to ensure a fair and secret ballot. Minor mistakes at a few polling stations, ..., did not affect significantly the excellent record of the polling officers or the results of the plebiscite."

5. "The counting and tabulating of the votes was done thoroughly and carefully."

6. "We shall all long remember the patient queues of people at Majuro and Kwajalein waiting sometimes for hours in the sun and sometimes late into the night to cast their votes. There could be no more eloquent testimony to the faith of such people in the democratic election process and their determination to play their part in it."

Mr. Chairman, we believe the conduct and the results of the plebiscite, and the increasing role we have played in the management of our governmental affairs, speak well for our political maturity and our readiness for self-government. As President Reagan said in his address to the people of the Marshall Islands in September of 1983: "Under the Trusteeship, we have come to know and respect you as members of our American family, and now as happens to all families, members grow up and leave home. I want you to know that we wish you all the best as you assume full responsibility for your domestic affairs and foreign relations, as you chart your own course for economic development, and as you take up your new status in the world as a sovereign nation. But you will always be family to us."

Mr. Chairman, in August of 1984 the American Enterprise Institute for Public Policy Research (AEI) prepared a report on

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the Marshall Islands plebiscite. It too was very favorable and we recommend it to you. In respect to voter education program the AEI report states "AEI's scholars concluded that the voter education program made a major effort to acquaint the Marshallese people with the Compact's provisions, that the Marshallese had an unusually good opportunity to become informed about the issues, and that many of them did so. Indeed, rarely do public issues in the initiative and referendum elections held by many of the states of the United States command such extensive coverage and attention." We understand a copy of the AEI report has been submitted for the record of these hearings.

We also note for the record that in the Conclusions and Recommendations of the fifty-first session of the United Nations Trusteeship Council, the Trusteeship Council reiterated that free association is an option that is not incompatible with the Trusteeship Agreement, provided the populations concerned have freely accepted it, and the Trusteeship Council endorsed the visiting mission's conclusion that the plebiscite was run by the Government of the Marshall Islands so as to ensure the free and fair expression of the wishes of the people. There can be no doubt that the plebiscite provides the basis for the approval of the Compact and the termination of the Trusteeship Agreement.

FINANCIAL STATUS AND ECONOMIC DEVELOPMENT

Mr. Chairman, I understand that this Committee is particularly interested in the financial and economic status of the Marshall Islands.

Financial Status

The financial status of the Government of the Republic of the Marshall Islands continues to improve. Last year, we reported to the Congress that through our deficit elimination program, we had reduced our cumulative, prior year deficit by $2.0 million during fiscal year 1983. I am happy to report that in 1984, for the first time, our revenues exceeded expenditures (slightly) and we were able to further reduce the deficit by $2.3 million. For 1985, we have again curtailed normal operational programs in order to program $2.3 million to continue the deficit elimination program. Since 1 January 1985, we have paid $800,000, or one-third of the programmed debts for 1985. If all goes according to plan, this will leave $1.0 million in outstanding prior year deficits at the end of 1985, which will be the amount owed to Tripler Army Medical Center for medical services. I will address the remaining Tripler debt in greater detail below.

The Government is continuing an aggressive program to generate additional revenues. As a result of this program, domestic

revenues increased by 24 percent between fiscal year 1982 and fiscal year 1984, going from $8.2 million to $10.2 million. In fiscal year 1985, an important milestone will be reached in our revenue generating program. For the first time, revenues from domestic sources are anticipated to exceed revenue from the United States Basic Grant.

Last year, the Marshall Islands Nitijela (our parliament) passed legislation which doubled the import tax rates for most commodities. This legislation resulted in increased revenues of $800,000 during fiscal year 1984. This year, legislation has been introduced to increase the income tax from 6% to 8% on the first $11,000 earned, and from 10% to 11% on earnings above $11,000. This new tax measure would yield an additional $500,000 in fiscal year 1985. I note also that last year we were able to increase the income tax applicable to Kwajalein Missile Range contract employees from 3% to 5% with the assistance of Assistant Secretary Richard Montoya. We appreciate his assistance in this regard.

Mr. Chairman, these revenue raising measures have not been popular. However, my government is committed to building a more self-reliant and fiscally responsible nation. We know that we must help ourselves first before we seek assistance from the United States.

We have taken other measures to improve our financial situation. Health service fees have been significantly increased. A computerized billing system for utility services is now operational and is being made ready for take over by the Marshalls Energy Corporation (MEC). Incidentally, I note that MEC returned an operational surplus of $195,000 to the Government in 1984. With technical assistance from the Department of the Interior and E.F. Hutton, we have established a cash management system which will earn at least $100,000 in 1985 by investment of funds which are temporarily idle. Long term debt has been re-negotiated according to a more realistic schedule and the Government is current in its debt service obligations. A schedule of debt service payments for the period 1985 through 1991 is attached. Furthermore, the Government has continued its hiring freeze and has severely restricted salary increases over the past five years.

The Government of the Marshall Islands continues to improve its financial management capabilities. With technical assistance from the Department of the Interior, legislation and regulations are being prepared in the areas of procurement, property management, accounts receivables, budgeting and off-shore banking. We are attempting to adopt model legislation in each of these areas. At the request of my government the United Nations Center for Transnational Corporations has agreed to make

available the services of an expert to study, report and make recommendations on the establishment of proper banking institutions in the Republic, and their regulation.

Mr. Chairman, I am also happy to report that the Office of the Auditor General has also made significant progress since it was established two years ago. For Example, my government is the first government in the Trust Territory of the Pacific Islands to submit a financial statement for fiscal year 1983 to the United States Government as required by Public Law 95-357. We intend to improve upon this performance for fiscal year 1984 by submitting an audited balance sheet and Federal grants audit which substantially conforms to the standards of the National Council on Governmental Accounting and the requirements of Circular A-102.

The Government is also improving the efficiency of its operations by transfering certain functions to the private sector or to local governments. In 1984, the Ebeye Nursery Education program was turned over to a private sector corporation, and there are discussions going forward to turn over responsibility for operation of the Ebeye power plant and sewer plant to the Kwajalein Local Government Council. We intend to continue to explore ways of spinning off government activities to local governments and to the private sector.

Economic Developments

There have been several encouraging events in the area of economic development. On 18 January 1985, President Kabua submitted to the United States the Republic's initial five year phase of its fifteen year development program. We now have a comprehensive framework for development of the Republic's economy. We look forward to reviewing our plan with you and your staff.

In 1984, Tobolar Copra Processing Plant, which is owned by the Government, earned $5.4 million on sales of 4,084 long tons of processed copra oil. These figures represent an increase of over $2.0 million and 1,500 tons over the comparable 1983 figures. The increases have been accomplished by taking advantage of high oil prices and purchasing unprocessed copra from the Gilbert Islands. Tobolar used its 1984 earnings to retire its short and long term debt and to provide drought assistance to the outer island copra producers.

A survey done by the United States Geological Survey (USGS) of the Republic's undersea mineral resources was conducted in 1984 and may serve as a basis for further exploration and eventual exploitation of these resources. We appreciate the assistance given to us by the USGS and encourage further study. We will ask

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the Department of the Interior to provide this Committee with a copy of its survey report when it is completed. We believe the report will indicate significant deposits of cobalt crusts on sea mounts within the Exclusive Economic Zone of the Marshall Islands.

We have also begun to work with the United States Government to initiate other projects to develop the Republic's natural resources. The U.S. Trade and Development Program (TDP) has commenced work on an economic feasibility study for fisheries, and the TDP has agreed to conduct such studies for coconut timber and coconut oil refinery projects. Further, the Department of the Interior has provided funds to retain a trade development specialist to promote foreign investment and trade in the Marshall Islands.

A fishing base in Majuro is nearing completion. This $2.9 million project, which is funded by the Government of Japan, will provide fuel, water, provisions, and cold storage facilities for fishing fleets. It is expected to double the number of vessels using Majuro as a port to 300 per year. In addition, Marshalls Energy Company, which operates the Majuro fuel tank farm hopes to sell over six million gallons of fuel to fishing vessels and shipping lines in 1985. The resulting revenue will go to support the power plant's operation and to assist in repaying the power plant loans.

The retail sector in Majuro and Ebeye is expanding. Gibson's, a Hawaii based retail chain, has opened a shopping center in Majuro, and other retail stores have upgraded their facilities and services in order to compete with Gibson's. In Ebeye, a warehouse for retail stores has been constructed and will soon open. Gibson's and Robert Reimers Enterprises, a large local merchant, are bidding on the contract to operate the facility.

Mr. Chairman, I note that some of these economic achievements would not have been possible without the availability of a reliable power from the new power plant. The Board of Marshalls Energy Company reported a 50 percent increase in electricity consumption during the past year, with an average load in December of 3.12 megawatts per hour and a peak load of 3.95 megawatts per hour. The plant's operating expenses were 8.8 cents per kilowatt hour, the most economical and efficient power production in the region.

The Government has worked hard to put necessary infrastructure in place and to develop a favorable climate for private sector expansion. These efforts are now beginning to pay off.

TRANSITION MATTERS

The Administration is requesting $197.91 million in the fiscal year 1986 budget for the Marshall Islands, in accordance with the provisions of the Compact. Of this amount, $150 million is for the settlement of claims arising from the United States Nuclear Testing Program (Section 177), $10.16 million is for Kwajalein land use payments and Kwajalein Atoll Development Authority projects, and $37.7 is for support of other government activities. Mr. Chairman, we are grateful for your leadership in moving the Compact so close to implementation. I believe that it represents the best hope of the Marshallese people for economic and social advancement.

Mr. Chairman, although we are moving rapidly toward free association, we note that there are important concerns not addressed in the Administration's Compact level budget request. We wish to call these omissions to your attention. Last year, your Committee observed that there was still some unfinished business which must be addressed before the Trusteeship is terminated. The requests which we present today deal with this business and will ensure that United States commitments are met. Their funding will enable us to begin the economic investment program as outlined in our national development plan. I wish to make it clear that our request for funding of these items is not presented as a substitute or an amendment to the Compact, but as a supplement to it.

As supplemental items, we request that the funding be appropriated for the Government and the people of the Republic of the Marshall Islands in the categories below. Justification of these items are attached. The items are:

1. transition funding to open and operate the new Majuro hospital, $0.9 million;

2. expansion of the outer island dispensary program, $0.7 million;

3. technical assistance programs, $1.1 million;

4. liquidation of a portion of the fiscal year 1982 and 1983 medical referral liabilities owed to Tripler Army Medical Center, ($1.0 million);

5. Kwajalein Atoll projects under the direction of the Kwajalein Atoll Development Authority, ($17.7 million); resettlement and clean-up programs for the peoples of Bikini ($42.0 million), Enewetak (11.0 million), and Rongelap ($3.2 million); Jaluit development programs ($10.0 million); and for radiation related health care ($7.4 million);

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6. construction of the College of Micronesia Nursing School, $3.2 million; and,

7. construction of a new capitol, $7.0 million.

We also request that Federal grant programs which will be terminated upon implementation of the Compact of Free Association be made available to the Marshall Islands for a three year transition period. During the transition phase, we can with the assistance of the United States, develop our own programs to replace the Federal programs which will be terminated. These programs contribute significantly to the quality of life of our people, and we believe a thoughtful transition period and scheme is in the best interests of both the United States and the Marshall Islands. Because of the uncertainty surrounding approval of the Compact by the United States, it has been impossible to commence a transition program earlier.

Those programs for which we now see a continuing need for United States expertise include those as are currently available from the Public Health Service, Legal Services Corporation, Peace Corps and under the historic preservation program.

Finally, we request that provision be made to pay outstanding war claims ($12.5 million), to fund prior service benefits, to fund the operation of the College of Micronesia ($1.5 million), and to extend Federal grants to the College during the Compact period.

EFFECT OF THE COMPACT ON THE TERRITORIES

At the hearing held 7 March 1985 by the House Subcommittee on Pubic Lands in respect to the effects of the Compact on the territories, many of the territorial representatives expressed support for the Compact. We would like to thank them now for their support, particularly Governor Bordallo and Representative Blaz of Guam.

Mr. Chairman, at the hearing several concerns were voiced regarding the impact of the Compact on the flag territories and Hawaii. The main concerns raised included the impact of immigration from the freely associated states to Hawaii and Guam, and the shift of business from the flag territories to the freely associated states, because of the trade and tax incentives provided under the Compact.

In regard to the immigration issue, the solution most often suggested by Subcommittee members and non-administration witnesses was the appropriation of "impact funds" to Guam and Hawaii. Such action may indeed be appropriate. I believe that

because the population of the Marshall Islands is so small (35,000), the possible impact on Hawaii (population 1,039,000) and Guam (population 116,400) is likely to be insignificant even if 5 to 10 percent of our citizens (i.e., 1,750 to 3,500) immigrate to those areas. According to United States Administration only 3% of the Trust Territory citizens have immigrated to the United States to date. I note also that, under Section 141(b) of the Compact, freely associated state citizens are subject to non-discriminatory limitations on their right to establish habitual residence in a territory or possession of the United States. This provision of the Compact could be used to ameliorate any negative impact from the immigration of freely associate state citizens to the territories. Moreover, due to the shortage of skilled manpower and the probable increase in the demand for such skills with increasing economic development, freely associated states are likely to become more attractive places for its citizens to stay rather than immigrate to the United States. This is another reason why it is in the interest of the United States to promote the economic development of the freely associated states.

As to the issue of tax and trade incentives, the Subcommittee members and non-administration witnesses stated that the flag territories should be accorded at least the same tax and trade incentives the freely associated states will receive. No one can argue with this proposition. As freely associated states, we know that although we will remain part of the United States family, we will not be as close as are the territories.

Even now we do not share in the benefits accorded the territories. The standard of living we enjoy is much lower. According the United States Census Bureau, the average mean family income of the flag territories ranged from $14,453 in the Virgin Islands to $7,738 in Puerto Rico as of the 1980 census, compared to $1,926 in the Trust Territory of the Pacific Islands (Federated States of Micronesian, the Republic of Palau and the Republic of the Marshall Islands). Whether any of the flag territories would be prepared to trade their relatively high standards of living for the benefits of free association is a question we cannot answer.

We do believe that it is appropriate for the freely associated states to receive from the United States benefits that are not accorded foreign countries. This would include trade and tax incentives to encourage United States companies to engage in business in the freely associated states. Such activity will promote close ties between the United States and the Pacific Basin, which in turn advances the security interests of the United States as well as the freely associated states.

As to General Headnote 3(a), I note that a witness at the

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Subcommittee's 7 March hearing stated that the freely associated states would not be subject to the same regulations as are applicable to the territories. This is not the case. Section 242 of the Compact states, and I quote: "the Marshall Islands and the Federated States of Micronesia will be treated as if they were insular possessions of the United States within the meaning of General Headnote 3(a)...[t]he exceptions, valuation procedures and all other provisions of General Headnote 3(a) shall apply to the products of the Marshall Islands and the Federated States of Micronesia."

In respect to the tax incentives under Section 255 of the Compact, I note that the freely associated states will only have the benefit of tax incentives accorded the possessions as of 1 January 1980, and if such provisions are repealed, they will only be effective in the freely associated states for two additional years. Tax incentives enacted for the benefit of the territories after 1 January 1980 will not be applicable to the freely associated states. An example of one such tax incentive is the preference given the possessions in respect to the establishment of Foreign Sales Corporations.

We do not believe the trade and tax provisions of the Compact will put the Marshall Islands and the Federated States of Micronesia in competition with the flag territories. We in the Marshall Islands and the Federated States of Micronesia are far behind the territories in respect to infrastructure development and are unlikely to attract business from the territories. Furthermore, we have resident worker protection laws, foreign investment laws, environmental laws and other regulations which impose burdens on doing business within the Marshall Islands, similar to the burdens of doing business in the territories because of the application of United States laws. If, however, the territories require further tax and trade benefits to compete economically with their neighbors, it is the responsibility of the Congress to provide the territories with such benefits. I believe the greatest competition to the territories will not come from the freely associated states but from their other neighbors who paid their workers for one day's work what most workers in the Marshall Islands earn in one hour.

Mr. Chairman, concerns were also raised at the 7 March hearing that the freely associated states could become major drug cultivation, processing and transshipment points. It was also said that the United States should insist that the freely associated states establish safeguards to prevent this action from occurring. The Marshall Islands are low lying coral atolls and do not provide a favorable environment for the cultivation of drug producing plants. Such activity occurs more often in the high volcanic islands. Moreover, we in the Marshall Islands have in the past actively prosecuted those who use and traffic in

drugs, and we intend to continue doing so. We are proud that we do not have a local drug industry as do other island communities, and we plan to keep it that way. Under the Compact extradition agreement the United States or a freely associated state can extradite from the other's territory persons engaged in illegal drug activities. This agreement will provide the United States with the tools to combat any illegal drug activity originating in the freely associated states. We believe, however, it is far more likely that the freely associated states will have to use the provisions of the extradition agreement to protect themselves from illegal drug activities originating in the United States.

At the 7 March hearing, concern was also raised as to the payment of debts owed United States citizens by the governments and the people of the Trust Territory of the Pacific Islands. I believe our record of repaying prior year debts, as outlined above, clearly shows that we are serious about honoring our obligations. By the end of calendar year 1985 we will have paid almost $7.5 million in prior year debts over the last three years, and we will have reduced our debts to $1.0 million (owed Tripler). Should United States corporations and individuals desire assurance that the freely associated states will honor valid debts, contracts and other obligations, they need only examine our constitutions and laws which are patterned after United States law. Further, I note that our High Court and Supreme Court Justices are United States citizens and attorneys who have either served as judges for the Trust Territory Courts or the courts of Hawaii. Should, however, the United States government desire to ensure the enforcement of the judgments of United States courts in the Marshall Islands, we are prepared to enter into negotiations with the United States Administration with a view towards concluding an agreement for the enforcement of judgements on a basis of reciprocity.

Mr. Chairman, as we have noted above, we believe the concerns raised by the territories can be addressed without delaying approval of or amending the Compact. Such action would frustrate the legitimate aspirations of the people of the Federated States of Micronesia and the Marshall Islands for the termination of the Trusteeship and self-government.

CONCLUSION

Mr. Chairman, with approval of the Compact by the people of the Marshall Islands on 7 September 1983, and with final acceptance of the Compact as a treaty by the Government of the Republic of the Marshall Islands in October of 1983, the Marshall Islands has done its part and is more than ready to move forward into free association with the United States. During the 38 year history of the Trusteeship Agreement, we have, with the assistance of the Government of the United States and this Committee, reached a

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point of political, economic and social maturity which provides the basis for termination of the Trusteeship Agreement and implementation of the Compact. It remains now for the United States to approve the Compact.

As should be evident from our statement today, we have the fiscal maturity and integrity to run our own affairs. We pledge that with approval and implementation of the Compact, we shall in good faith adhere to both the letter and the spirit of the Compact, as we trust the United States will.

Mr. Chairman and distinguished members of this Committee, after you have completed a thorough review of the Compact, as we have done, and if, as I am confident you will, you find it to be beneficial to both our countries, as we have, we ask that you urgently seek approval of the Compact for implementation by 1 October 1985.

Thank you.

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ECONOMIC DEVELOPMENT PLAN
SUMMARY

We have set out in our current plan the initial five-year phase of a fifteen-year program designed to put our economy on a development path leading to the achievement of the long term national objectives set forth below.

A. PLAN OBJECTIVES.

The plan objectives are:

1. to ensure that sustained efforts are made towards the realization of self-reliance;

2. to lay a firm foundation for the building of a sound economy which will ensure continuous improvement in the living standards of the people;

3. to ensure continuous efforts are undertaken to create productive employment opportunities for the rapidly growing labor force;

4. to bring about increasingly equitable development both among different atoll groups of the Republic and among different income groups of the population; and

5. to preserve the nation's cultural and environmental heritage for the benefit of the present and future generations.

1. Self-reliance. In the plan, gradual enhancement of self-reliance means an increase in the degree to which the nation is able to support its well-being through its own efforts. This includes not only a reduction in the extent to which the country is dependent on foreign grants but also a reduction in the dependence on imports and foreign expertise. This implies the need to increase domestic production, expand and diversify exports, and train local manpower in the various skills and expertise required to meet the needs of the nation.

2. Sound Economic Base. By the phrase "building a sound economic base", the plan means increasing the ability of the people to improve their living standards by increasing investment and production, with the help of resources they own and with participation of foreign investment. When domestic production increases it will enable the country to reduce food and other consumer imports, increase exports, reduce dependence on foreign

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assistance, and reduce the dependence on the government for employment. Furthermore, such increase in production will enable the government to raise more domestic revenue.

3. Employment. A severe problem facing the country at present is how to provide employment to increasingly larger numbers of youth joining the labor force every year. The numbers are increasing due to high population growth. The problem also becomes complicated due to the fact that the youth are looking for salaried employment and want to live in urban areas. The development plan has to take this important problem into account in designing its development programs and projects.

4. More Equitable Development. It is important to bring about an improvement in the living standards in the outer islands not only because the present standards are low but also because of the necessity to discourage migration into Majuro and Ebeye where economic opportunities are saturated, density of population is high, and where there is an acute shortage of water and housing.

5. Preservation of Cultural and Environmental Heritage. Maintaining the nation's cultural heritage is important in building up a national identity and a sense of national pride. The latter, in turn, is a driving force essential for the development of the economy. The preservation of the environment and natural beauty is important for economic and social development.

B. PLAN STRATEGIES, PROGRAMS AND PROJECTS.

The details of plan strategies to achieve the above objectives are discussed in chapter 3 and in the various chapters that follow. Two overall strategies may be summarized here:

- The overall approach to develop the economy as adopted by the plan is that the economy should develop through the private sector. All investment and production that could more efficiently be undertaken by the private sector should, in fact, be undertaken by that sector. The role of the government is that of catalyst which will assist the development of the private sector.

- The economy should develop around the existing economic base - namely around the existing marine resource and agricultural base. This means that the plan emphasizes the development of the agricultural sector especially the coconut industry, and the fisheries sector.

The salient features of the individual programs and projects

identified in order to achieve the plan objectives are set forth below.

1. Economic Sector Development. The total investment planned for the economic sector consisting of agriculture, fisheries, manufacturing, and tourism is $28.8 million or 8.5 percent of total investment programmed for all sectors. (see table VI-3 on p. 110). The details of projects are given in chapters 9 through 12. The main highlights in this sector are:

- Coconut rehabilitation program; (pp. 204-207 and table IX-4 on p. 212)
- Outer Islands Fisheries development project; (pp. 218-224 and table X-1 on p. 225)
- Tobolar extension project; (pp. 230-232)
- Tourism development project; (pp. 246-250 and table XII-1 on p. 251)

2. Infrastructure Sector Development. The plan identifies projects worth $194.8 million or 57.8 percent of total programmed investment for infrastructure development. (see table VI-5 on p. 114). The sector include transport, communications, energy, housing, and public utilities. The main highlights here are:

- Sea Transportation (pp. 351-357 and table XVI-B-1 on p. 358).
  - Improvement in inter-atoll and intra-atoll shipping;
  - Improvement in Majuro dock facilities;
  - Improvement in Ebeye dock facilities; and
  - International shipping services.
- Air Transportation (pp. 366-367 and table XVI-C-1 on p. 368).
  - Flight school; and
  - Outer Islands airstrips.
- Communications (pp. 374-382 and table XVII-1 on p. 383).
  - Majuro communications program;
  - Kwajalein communications program; and

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* Ship to shore and air to ground services.

- Public Utilities, Majuro-Laura water scheme. (pp. 407-414 and table XIX-A-1 on p. 415). The program will ensure a regular water supply to Majuro residents by the end of the plan period. All houses presently hook-up and all new houses expected to be built in the next 5 years will have a 18 hour daily potable water supply. Also hotels and industries will be ensured of adequate water to meet their needs.

3. Social Sector Development. The plan identifies projects worth $100.6 million or 29.9 percent of total programed investment for Education, health, Social Services and Cultural Affairs (see table VI-4 on p. 113). The main highlights in this sector are:

- Education

  * Instructional and Development Program; Teacher Training and Staff Development; Higher Education; Special Education; and Adult Education. (pp. 265-269 and table XIII-3 on p. 278); and

  * Capital Improvement. (pp. 265-269 and table XII-3 on p. 278).

- Health (pp. 288-291 and table XIV-2 on p. 292)

  * Maternal and Child Care;

  * Family Planning;

  * Sexually-Transmitted Disease Control;

  * New Dispensary System; and

  * Environmental Protection.

- Social Services (pp. 303-317 and table XV-A-1 on pp. 318-9).

  * Community Education;

  * Youth Development;

  * School Hot Lunch;

  * Nutrition Education;

  * Special Food Assistance;

- Low Cost Housing; and
- Sports Program.

4. Government Sector. The plan identifies projects worth $12.7 million for the government sector (see table VI-6 on p. 116). The main highlights in the sector include public safety projects and the capitol building.

C. FUNDING REQUIREMENTS, AVAILABILITIES AND SHORTFALLS.

The Plan includes all project identified by various government ministries and agencies. These are projects from Federal programs, Capital Improvement Projects programs, Kwajalein Atoll Development Authority (KADA) programs, tied Compact funds, Compact capital funds, other assistance and past projects for which there is an outstanding debt. When we add up the funding requirement for all these identified projects including those of KADA, the total demand comes to $336.9 million. (see table VI-1, p. 105). The total funds estimated as available from all sources of projects is only $215.4 million (see table VI-7, p. 117). There is therefor a shortfall of $121.5 million. (Table VI-8 on p. 124 and Figure VI-4 on p. 126). Out of this shortfall, $86.5 million is due to KADA projects. If KADA is able to find this money, the government will be left with a shortfall of only $35.0 million to be financed from sources other than Compact funds. Such finance may be, other foreign assistance, foreign loans, or additional domestic revenue. With regard to the latter, it must be noted that measures are proposed in the plan to increase government revenue by collecting fees on electricity, telephones and water.

D. MANPOWER REQUIREMENTS.

Apart from working out the financial requirements and availabilities for implementing the identified programs and projects, the plan also has calculated the manpower requirements for these projects. These requirements are shown individually at the end of each sectoral chapter and in aggregate terms in chapter 4. Chapter 4 further shows the implications of population growth on the employment situation by projecting labor force growth and labor force demand in the years from 1985 through 1990. This situation is summarized on pages 72-74 of the plan and in table IV-12 on page 74, I shows that during the plan period employment in mainly cash earning activities will increase by over 50 percent and the number of subsistence production or

unemployment category by about 14 percent.

F. PLAN IMPLEMENTATION.

The plan also has dealt with the subject of plan implementation. The most important matter brought up in this section (Chapter 22) is the need to set up various institutions and procedures required for successful implementation and for the fulfillment of Compact requirements. Among these are the setting up of a National Development Authority, a Development Budgetary System (see figure XXII-1, p. 521), and a plan monitoring and reporting system.

G. PLAN AND THE PRIVATE SECTOR.

The plan does not include any projections on private investment due to the lack of data. The main approach of the plan, however, is to develop the economy through the private sector. A large number of projects in the plan are directed towards the provision of infrastructure services, and other incentives for the development of the private sector. Apart from these projects some of the other ways of encouraging the private sector as identified in the plan are:

- an attractive taxation policy;
- import restrictions on goods and services that can be produced locally;
- provision of wider banking and credit facilities;
- a subsidy on copra;
- incentives for foreign investment;
- divesting of more economic activities from the government to the private sector; and
- setting up institutions such as Marshall Islands Development Authority to initiate private economic ventures and set up government and private joint venture.

H. PLAN AND MANPOWER TRAINING.

The plan has suggested the setting up of of a full scale national training scheme. The details of this have to be worked out, after preparation of a detailed manpower plan during the early part of 1985.

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Acting Editor ..... Brett Schefflow
Reporter ..... Grant Gordon
Circulation ..... Salmon Milne

Missionary thanks Lor

Dear Editor

According to Mr Perry of the frequency assignment committee of the Department of Interior in Washington, D.C., the Majuro Independent Baptist Church has been authorized the use of frequency 104.0mhz on the F.M. broadcast band with the call letters This action was taken on November 15, 1984. If there are no unforseen problems the license should be on the island within two months.

This is a great victory from the Lord. The people of Majuro Independent Baptist Church, as well as others, have been in much prayer for two years as the missionary, the government of the Marshall Islands and the U.S., technical personnel in the Marshalls and U.S. World Wide New Testament Baptist Missions, Inc. of New Bern, N.C. and others have prayed and worked toward this goal.

Part of the reason for the long time in processing the

Editorial

SOUND & REALISTIC

The newly submitted five year plan for the initial one-third period of development under the fifteen year term of the Compact of Free Association is a monumental document of over 500 pages, replete with graphs, historical perspective, and down-to-earth presentations of actual demographic and economic realities of the Republic.

Much of the information is sobering, as is exampled in the description of the present status of unemployment, the unhealthy imbalance between import and export figures, and the sorely deteriorated condition of the major economic industry, copra.

The statistics on the rate of population growth, and the projections of growth during the coming 15 year period, is also cause for concern, an increase of 50% in the period 1980 - 1990 projected by the U.S. Bureau of the Census in unpublished results.

These largely dismal aspects of the present economic condition of the Republic are offset somewhat by the presentation of certain key facts which provide a degree of assurance that the problems are not insurmountable, that the overall real downward trend in employment and stagnant private sector growth can be treated and improved.

The goal of the plan is, of course, economic self sufficiency. And there is very strong evidence of reasonableness in the approach being advised in correcting the present uncoordinated economic situation. For example, a moderate and realistic rate of increasing collections for services provided by Government is outlined, with percentages of recovered costs apparently geared to the realization that 100 percent provision of essential services is not necessarily joined by the fact that 100 percent of the cost is recoverable. In transportation for example, where approximately 31% of costs are now being recovered, it is planned that this rate will be increased to 35% in 1985, and to 50% by 1989. Electricity costs, now being recovered at a rate of 13%, is to be increased to 50% recovery in 1985 and to 100% by 1989.

The elements of the plan are numerous and in several cases surprising. What is not surprising, but appreciated, in the realization of the importance of copra as the mainstay economic activity of the private sector, and the intension to upgrade the plantations to increase the numbers of acres being harvested. This aspect of the plan has the additional benefit of attacking the high unemployment problem and the overcrowding situations on Ebeye and Majuro.

An apparent weak point the the overall philosophy of development in the plan appears in the statement "in order to encourage employers to hire workers instead of using machinery, Government will discourage increases in real wage levels in the private sector and strictly limit its own to avoid adverse effects on private sector levels." This policy, if implemented, should prove distasteful both to capable employers and employers who must face a free market situation in a healthy competitive environment. But perhaps it is only the use of the word 'machinery' as opposed to 'automation' that makes the intention here appear unrealistic, since the use of the phrase 'real wage levels' does not mean necessarily that wages do not rise, only that they do not rise faster than the rate of inflation. It is also not clear how the government could discourage increases in wage rates in the private sector, but presumably this would be effected by a mechanism such as wage controls or some similar legislation. Would any politician be elected who advocated wages be curtailed?

The plan is respectable in one very important regard: debt servicing is a key factor in future planning, demonstrating a real-world appreciation of the circumstances straining many developing economies around the world. There is also an apparently realistic projection of estimated incomes that avoids the questionable practice of counting unhatched eggs. For example, while an annual fisheries catch of 40,000 tons is estimated at present, the plan reports such as reported income and does not imply that it is a resource being exploited to the benefit of the Republic.

In his preface to the presented plan President Amata Kabua states we "have inherited an economy encumbered by many imbalances which must be corrected if we are to achieve our development goals. The Government is committed to a 15-year investment program designed to correct these imbalances and to achieve self-reliance."

He points out, however that "the programs and projects included in the Plan require the active participation of all our fellow citizens to ensure the successful achievement of the development objectives."

It is this requirement, we feel, that has tailored the plan to the specific problem of increasing employment, if only at a nominal wage rate, among the thousands of underemployed in the Republic. It is hoped that an appreciation of something is the result of this attempt, and not a cry of dissatisfaction. Expectations for many of us have been severely distorted during the past twenty years of increased political and economic activity – activity that was artifically injected and haphazardly administered. Seeing the fish through the turbulent wash of this wave may be more difficult than we imagine, but the present five year plan is a recommended course of action towards that objective. It is a reasonable plan, an imperfect plan, but overall the appears sound and realistic. All it needs is implementation.

JUSTIFICATION OF SUPPLEMENTAL REQUEST

Hospital Transition Project. Mr. Chairman, we seek your assistance to improve our ability to operate and maintain the new Majuro hospital. This capital improvement project, which Congress has funded, is anticipated to be completed in the Summer of 1985. My Government has begun a transition project to prepare for the opening of the new hospital.

We are negotiating with the Sisters of Mercy Health Services Corporation to provide technical assistance personnel in the areas of hospital administration, nursing, and plant maintenance. The first year of the contract will cost approximately $450,000, of which the Department of Interior will assist and provide $150,000.

The Department of the Interior asked the Sisters of Mercy to assess the transition needs of the new facility. Their report, which I have previously submitted to this Subcommittee, is somewhat disturbing. It concluded that at a "bare minimum", 55 additional staff would be required to open parts of the new facility. This includes 22 additional nurses, more public health personnel, additional pharmacists, dieticians, housekeeping, laundry, maintenance, laboratory, and security personnel. The report recommends that certain facilities and equipment not be opened or utilized, even with the additional 55 staff, until trained staff are available. This includes the Intensive Care Unit, the Neo-Natal Unit, and the Inhalation Therapy Unit.

There are striking differences between the present hospital and the new one, the latter has newer and more sophisticated equipment which will require trained personnel to operate and maintain it. The bed distribution is different. The present hospital has two 25 bed wards, a pediatric ward and an OB ward. The new hospital has 80 beds in private and semi-private rooms. This distribution will, by nature, require more personnel.

Mr. Chairman, it has become clear that a new hospital facility will not, by itself, produce improved health services for the Marshallese people. In fact, a more extensive transition effort is needed if the hospital is to contribute to improved health services in the Marshall Islands and is to reduce the need for expensive, off-islands referrals.

Mr. Chairman, I am convinced that money spent on improving the delivery of health care in the Marshall Islands is a good investment. It means that less costly, in-country care can be used in place of expensive, overseas care. We are requesting $0.9 million to procure additional technical assistance, purchase surgical equipment, and to staff the new facility in accordance

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with the recommendations made in the Sisters of Mercy report.

Outer Island Dispensary System. Our supplemental request also includes funds to expand our outer island dispensary program. Congress has provided $4.0 million to implement Public Law 96-205, the Burton Health Care Bill, to fund a health care program for Marshallese affected by the United States Nuclear Testing Program. This program is a good one and one which my Government supports. However, because it will be applied to only four atolls, these atolls will have health care systems which are vastly superior to those on other atolls.

This imbalance is contrary to our notions of fair treatment for all the people of the Marshall Islands. We have therefore, increased the budget for the outer island dispensary program in order to improve services on all atolls. Mr. Chairman, in your letter of 4 February 1985 to Ambassador Zeder, you indicated that your staff had received information "that the Marshalls Government had budgeted $68,900 for outer island health care in 1985." In fact, fiscal year 1984 expenditures for the outer island dispensary program were $478,100. The Nitijela appropriated $548,000 for fiscal year 1985, an increased of 14.6 percent. I note that this increase comes at a time when the overall operations budget increased by only 3.5 percent.

In addition to our own resources, we will receive $750,000 worth of medical supplies as aid from the Government of Japan in 1985, a portion of which will be allocated to the outer island dispensary program. I also note that $2.0 million will be available annually in the Compact period from Section 177 monies to provide for the health care needs of outer island residents affected by the Nuclear Testing Program.

Mr. Chairman, this shows that the Government of the Republic of the Marshall Islands is doing all that it is able to do to improve health care services for outer island residents. However, we freely admit that much more needs to be done and that is why we are requesting your assistance today.

As part of our expansion of the outer island dispensary system, a physican has been hired to plan and implement a more effective approach for outer island health care delivery. In October 1984, this physician completed an assessment of the medical care system in outer islands and found it to be incapable of delivering an adequate standard of medical care. He has developed a program for its improvement which is explained in detail in an attached statement. Funding in the amount of $0.7 million is requested to begin this program through a health assistant training project, installation of a medical communication system, purchase of basic medical equipment, and quarterly physician and public health team visits to all atolls.

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Extension of Technical Assistance Programs. The Government of the Republic of the Marshall Islands has in the past received valuable technical assistance grants which have enabled us to improve our financial management, planning, and communication systems, develop civil aviation regulations, promulgate off-shore banking regulations, establish a patient monitoring system for the medical referral program, and provide training to police officers. We have also used Special Operations and Maintenance grant funds to procure technical assistance in the public works area.

Mr. Chairman, last year you observed that technical assistance "has made the difference between success and failure in many areas and continues to be needed...." We agree with your assessment and believe that the termination of this program is not advisable at this time. I also note that the phase out of most functions and support staff at the Trust Territory Administration and the termination of the Special Operations and Maintenance program will mean that many important assistance resources will longer by available to us.

Section 226 of the Compact of Free Association provides that the Government of the Republic of the Marshall Islands may request technical assistance from the Government of the United States. It is my understanding that unless funds are appropriated by Congress our Government will be required to pay for this assistance. In this regard, we are requesting $1.1 million for the purpose of procuring technical assistance in accordance with Section 226 of the Compact. Our fiscal year 1986 technical assistance program, which is explained in detail in an attached statement, includes projects to develop a Government-wide procurement system, continue an on-going project to train public works staff, hire a statistician, develop environmental protection regulations, determine the feasibility and costs of a national health insurance program, and train police officers.

Medical Referral Liabilities. Mr. Chairman, we wish to express our gratitude for appropriations to assist the governments in Micronesia to pay medical referral bills incurred prior to fiscal year 1982. Congress also provided a $2.0 million supplemental appropriation to the Republic of Palau. We understand that some of the funds appropriated to Palau were also used to pay outstanding medical referral bills.

Mr. Chairman, we are doing all that we can to bring the medical referral program under control. With the help of the Department of the Interior, the Government has hired a physician in Honolulu to monitor the caseload. As mentioned previously, we are contracting with a hospital management firm to assist us to operate the new Majuro hospital and have expanded the outer

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island dispensary program in order to improve the delivery of health services in outer island communities.

The Government has lived up to its agreement to pay $100,000 per month to the Department of Defense for prior and current year medical bills. We intend to continue to abide by this agreement in 1985. However, we seek funding in the amount of $1.0 million to liquidate the remaining medical referral liabilities which will be owed to Tripler Army Medical Center at the end of 1985.

I believe that this level of funding is fair. After all, much of the expense incurred for Tripler patients was due to the delay in repatriation. A report commissioned by the Department of Interior, known as the Siegel Report, compared the actual length of stay of Marshallese patients in fiscal year 1982 at Tripler against the norms used by in-patient utilization service organizations. The report concluded that the average length of stay should have been 61 percent less. This means that 1,662 days of in-patient care provided by Tripler in fiscal year 1982 were unnecessary, at a cost to the Government of almost $600,000 in room and board charges alone. We believe that a similar amount of unnecessary care was provided in fiscal year 1983. A copy of the Siegel report has been provided to this Subcommittee.

Mr. Chairman, decisions as to how long Marshallese patients remained in Tripler hospital were made by the hospital and its physicians. These decisions were not made, nor could they be competently made, by a government which is 2500 miles from Tripler hospital. We have relied on the professional judgement of Tripler staff and are now being asked by the Department of Defense to pay for thousands of days of patient care which a report commissioned by the United States Government concluded were unnecessary. Mr. Chairman, I do not believe that this is fair.

The Siegel Report also shows that, contrary to a statement made last year by a member of the House Committee on Foreign Affairs, the Government of the Republic of the Marshall Islands does not conduct its programs in a wasteful or abusive manner. The study evaluated the need for referrals and found that fiscal year 1982 referrals were merited in 89 percent of the admissions to Tripler, questionable in six percent, and not necessary in five percent. The report concludes there was "relatively little program abuse". I might add that the other statements made by the above-mentioned House member regarding my government were also incorrect.

KADA Infrastructure Projects. The Republic's National Development Plan includes $116.2 million for the period 1985-1989 for projects to improve the economy and living conditions in Kwajalein Atoll. An additional $17.7 million is requested to

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begin their implementation. Under the Compact and its subsidiary military use agreement, an additional $71.1 million will be available for these projects. These projects are listed in an attached statement. The most critical of these projects are the dock repair, the desalinization unit, the fuel farm, a third generating unit for the new power plant and a sanitary landfill project.

Resettlement/Clean-up Programs. We are also requesting funding for the resettlement of the peoples of Bikini, Rongelap and Enewetak and for clean-up of islands in Bikini and Enewetak atolls.

In addition to the $75.0 million that the people of Bikini will receive under the Section 177 Agreement of the Compact and the $26 million available to them in various United States Government established trust funds, funding in the amount of $42 million is requested for the people of Bikini for the restoration of the Bikini Atoll.

In addition to the $48.75 million provided to the people of Enewetak under Section 177 of the Compact, we also seek funding to resettle Engebi in Enewetak atoll. The Engebi people have not been able to return to their island because the radiation exposure levels have been above Federal standards. The House Interior and Insular Affairs Committee recommended that $10 million be appropriated in the fiscal year 1985 budget for a housing trust fund for the Engebi people. The amount which we request today is sufficient to begin the housing program and to expand the horticultural program on Enewetak. We also request $1.0 million to extend the Enewetak dock 100 feet. The location at which the dock was constructed accumulates sand which reduces the water depth at the face of the dock. Accordingly, the dock's utility is reduced. Removal of the sand would require the consent presence of a crane and dragline. Extention of the dock is the most economical solution.

We wish to inform you that the people of Rongelap have completed their plans to move to Ebadon Island in Kwajalein Atoll. The Rongelapese deserve the same degree of concern as do the other people affected by the Nuclear Testing Program. Accordingly, in addition to the $37.5 million that shall be provided to the people of Rongelap under the Section 177 Agreement, we request that $3.2 million be included in the budget to initiate the move. These funds will be used to construct 56 housing units, a solar power system, sanitary facilities, and initiate an agricultural assistance program. Additional funds for the move will be available to the people of Rongelap under the Compact Section 177 Agreement, as noted above.

We also request $7.4 million to supplement the $15.0 million

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available under Section 177 of the Compact to establish a trust fund to address the radiation related needs of those Marshallese affected by the U.S. Nuclear Test Program.

Jaluit Atoll Projects. We are requesting $10.0 million to begin the development of Jaluit Atoll, which is the third most populous community in the Marshall Islands. At present, Jaluit lacks infrastructure necessary to initiate development of its agricultural and marine resources. Attached is a detailed description of the economic investment projects which make possible this development.

College of Micronesia Nursing School. The presidents of the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands endorsed the construction of a nursing school in their 5 October 1983 Saipan Accords.

The proposed nursing schooling would be an integrated medical learning facility to fulfill the demand for qualified nursing personnel in Micronesia. I believe that completion of the Nursing School is essential to our effort to train enough nursing staff to successfully operate the new Majuro hospital. The completion of the Nursing School will enable us to have trained staff available to open and operate the Intensive Care Unit in the Neo-Natal Unit at the new hospital.

The school would have facilities to train approximately 60 students, with living accommodations for 48 students and for 10 faculty and staff. The site designated, and already leased for this facility, is directly adjacent to the new Majuro Hospital, which, with 80 beds and nearly 60,000 square feet of space, has the potential of becoming the most sophisticated and best equipped hospital in the region. The school would operate in close connection with the hospital, utilizing its facilities, equipment and staff for practical training programs. The new facilities would be of institution quality construction with special emphasis on minimizing the harsh and corrosive effects of the tropical environment. A copy of the specifications for the project are attached for the Subcommittee's consideration. This project would cost approximately $3.2 million.

Capitol. The Department of the Interior requested funding for construction of Micronesian capitols in each of its budgets since 1983. Congress has decided to defer funding for the capitols, noting that higher priorities existed. The Department of State's fiscal year 1986 request for the Marshall Islands does not include funds for the Republic's capitol.

Mr. Chairman, we concur that there have been, and still are, many other construction projects which command a high priority. But time is running short for the trusteeship and we believe that

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it is now proper for the United States to honor the commitment it made in Secretarial Order 2918 to construct the capitols. The design of the capitol buildings for the Marshall Islands is complete, and it is estimated that the construction cost will be $7.0 million.

Extension of Federal Grant Assistance. Mr. Chairman, we wish to raise the issue of funding of Federal programs in fiscal year 1986 and beyond. As you know, under the Compact of Free Association, the Republic of the Marshall Islands will no longer be eligible for most Federal grant assistance. In lieu of the Federal grants, Section 221 (b) of the Compact provides $3.0 million in "block grant" monies.

Between 1980 and 1984, the Republic of the Marshall Islands has received an average of $7.8 million per year in Federal grant monies, or more than two and one-half times the level of block grant funding to be received under the Compact. Fiscal year 1985 Federal program authorization will be approximately $9.6 million. It is clear that funding from the block grant will not be sufficient to permit the continuation of many important Federal programs.

Termination of Federal programs will adversely affect services provided under Federal programs in the areas of health, education, social services and infrastructure development. Health services Federal grant programs are directed at promoting primary health care among the population. With this focus, the overall wellness of the people will be increased, thereby contributing to higher living standards and a decrease in health care costs. Strides have been made in this regard and the continuation of certain National Public Health Program grants are important to further development.

In education, Federal grants have been instrumental in elementary and secondary curriculum development, upgrading teacher skills through specialized training, and the acquisition of textbooks and instructional materials. Recent legislative changes have made these programs more flexible, allowing for infrastructural development, such as school building renovations, and the development of programs that are more appropriate in our unique cultural setting. The elimination of these programs, which account for 40 percent of the annual education budget, would have a negative impact on the quality of the overall educational program implemented in the Marshall Islands. The funds provided by the block grant may not be adequate to replace the loss of all of the Federal education programs.

Currently, Federal programs funding infrastructural development projects in areas such as sanitation, housing and manpower development are being implemented in the Marshall Islands. Sewer

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construction grants through the Environmental Protection Agency are now in construction stages for Majuro and Ebeye. Plans for initial stages of a rural sanitation program have been approved by the Trust Territory Environmental Protection Board at a funding level for fiscal year 1986 of $1.5 million. The Environmental Protection Agency is also about to implement a "Water Supply Initiative" that would significantly improve water supply and sanitation throughout the Marshall Islands. Housing and Urban Development grant programs are funding low cost housing loan projects and community based economic development programs. The Job Training Partnership Act has provided valuable vocational skill training for unskilled and underemployed youth who have no other career training alternatives. The loss of these programs is significant in terms of the long term development contributions they make.

Social development programs such the School Hot Lunch, Headstart, Juvenile Justice Delinquency Prevention, Aging and Historic Preservation have been made tangible contributions to the delicate social fabric of our changing society. There is a need and a desire for the continuation of these social programs to assure that a balanced development scheme is provided.

Mr. Chairman, I do not think that an abrupt termination of these programs is in the best interests of either of our nations. The Senate Committee on Energy and Natural Resources has recommended that there be a transition period during which time the Government of the Marshall Islands may find alternative ways of accomplishing the objectives of the Federal programs. We concur in this recommendation.

Section 224 of the Compact provides that the governments of the United States and the Republic of the Marshall Islands may agree that Federal grant assistance be extended during the Compact period. I urge the Congress to continue to make available Federal grant programs to the Marshall Islands in accordance with this clause and to instruct United States Government departments to include the Marshall Islands in their fiscal year 1986 program budgets. Attached is a list of Federal program which we suggest be continued into the suggested transition period.

College of Micronesia. Fiscal year 1986 funding for the College of Micronesia system is in jeopardy. As an attached statement shows, the College is funded by a combination of a basic grant from the Department of Interior, Federal grants (Pell grants and College Work-Study Grants), contributions from the governments which comprise the Trust Territory, tuition and fees, and other revenues. In 1984, the Department of the Interior basic grant was $1.5 million, or 37 percent of all revenues for the College. Federal grants receipts were $1.8 million, or 45 percent of total revenues. Together, these two sources of funds provide 82

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percent of all operating funds for the College.

If no action is taken, the College of Micronesia will essentially lose both of these revenue sources beginning in fiscal year 1986. The Department of the Interior's fiscal year 1986 budget request only includes $300,000 for the College of Micronesia. In addition, the College will not be eligible for Pell Grants or Work-Study Grants when the Compact takes effect. These grants are used to meet the tuition costs for nearly all students enrolled in the College.

Mr. Chairman, the College of Micronesia plays an important role in the economic and social advancement of the countries in the Pacific region. It serves over 2,000 students on three campuses and four Continuing Education Centers by providing vocational and academic degree programs that are meeting the labor needs of our societies. Among the academic programs it offers are liberal arts, business administration, nursing, and education. Its occupational programs train farmers, fishermen, carpenters, plumbers, and mechanics. Without the College of Micronesia, very few of our people would have the opportunity to receive a post-secondary education. The shortages of skilled labor which exist throughout Micronesia will become more acute.

We request that Congress include $1.5 million in the Department of the Interior's fiscal year 1986 budget for a basis grant for the College and that it extend current Federal grant programs into the Compact period. In addition, we ask that Congress block efforts by the administration to rescind the $3.0 million appropriated as a land grant endowment to the College of Micronesia.

In the Saipan Accords, the presidents of the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands agreed to seek "continued operational and programmatic support for the College of Micronesia now and during free association." I believe that financial support from the United States will be needed for an extended period, or at least until the political status of the Republic of Palau is settled.

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REPUBLIC OF THE MARSHALL ISLANDS
MAJURO, MARSHALL ISLANDS 96960 CABLE: REPMAR

January 29, 1985

NEW FEE SCHEDULE FOR IN-PATIENT AND OUT-PATIENT AND OUTER ISLANDS DISPENSARIES FOR THE MINISTRY OF HEALTH SERVICES, AS AMENDED AND APPROVED BY THE CABINET ON JANUARY 28, 1985

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1. In-Patient Charges:

Private Room	$ 75.00
2 Bedroom	60.00
4 or more bedroom	50.00

2. Out-Patient Charges:

Visit to Dr's Office	5.00
Dressing	3.00
EKG	7.50
Injection plus cost of drug	1.00
Per surgical procedure	12.50
Per major surgical procedure	50.00

3. Pharmacy:

Five (5) categories based on costs:

I	5.00
II	4.00
III	5.00
IV	3.00
V	2.00

4. X-Ray per size of film:

14x17	5.00
11x14	4.00
10x12	3.00
8x10	4.00

If radiologist interpretation needed additional charges will be required.

5. Laboratory per test grouping:

I	Chemistries or bacteriology	5.00
II	Hemotology or blood tranfusion	3.00
III	Other lab tests will be charged	1.00

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6. Rehab Center:

Per visit	3.00
Prosthetic Services	25.00

7. Dental:

1.	Extraction simple	5.00
2.	Extraction surgical	7.50
3.	Alvealectomy	7.50
4.	Root canal therapy	75.00
5.	Amalgam one surface	3.00
6.	Amalgam two or more surfaces	4.00
7.	Silicate Cement fillings	10.00
8.	Composite fillings	7.50
9.	Temporary treatment or fillings	5.00
10.	Oral prophylaxis & scaling	10.00
11.	Dental X-ray single	5.00
12.	Full mouth X-ray	10.00
13.	Crown Gold on denture	20.00
14.	Crown Gold shell	25.00
15.	Crown Acrylic or jacket crown	22.50
16.	Crown Gold 3/4	60.00
17.	Bridge work fixed per unit	27.50
18.	Bridge work cast removable per unit	20.00
19.	Clasp wire contoured per unit	5.50
20.	Clasp cast gold per unit	15.00
21.	Inlay gold	17.50
22.	Lingual bar contoured completed	25.00
23.	Lingual bar cast complete	40.00
24.	Denture full upper or full lower	27.50
25.	Denture partial per tooth	7.50
26.	Acrylic for partial denture	7.50
27.	Denture repair	12.50
28.	Denture rebase	15.00
29.	New facing on bridge	10.00
30.	Replacing tooth to denture per tooth	5.00

8. Outer Islands Dispensaries:

Per visit	1.00
Delivery charges	10.00

All medical services will be charged half to the school age children and missionaries and assistant clergy.

Clarenta Matthew 1/27-85
Clerk of Cabinet

14 President

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REPUBLIC OF THE MARSHALL ISLANDS
DEBT SERVICE SCHEDULE, 1985-1991
(IN THOUSANDS, $US)

LOAN	1985	1986	1987	1988	1989	1990	1991
1. POWER PLANT - ECGD MAIN SUPPL AGREEMENT (RESULAY)	2,459	4,327	3,767	3,501	3,237	-	-
2. 748 AIRCRAFT - ECGD/ BRITISH AEROSPACE	915	1,539	1,443	1,349	1,256	1,159	-
3. POWER PLANT- ECGD (DEFERRED)	3,035	590	5,156 4/	-	-	-	-
4. BRITISH AEROSPACE ECGD- (DEFERRED)	1,558	254	1,873 4/	-	-	-	-
5. POWER PLANT - MIDLAND BANK LTD.	1,001	1,050	952	1,169	-	-	-
6. 748 - MIDLAND BANK LTD.	392	289	265	427	-	-	-
7. MIDA - REPUBLIC OF NAURU FINANCE CORPORATION	-	-	1,000 3/	-	-	-	-
8. NITIJELA LOAN - REPUBLIC OF NAURU FINANCE CORP.	-	-	1,000 3/	-	-	-	-
9. MORGAN GRENFELL NO. 1	-	1,148 2/	6,245	2,835	-	-	-
10. MORGAN GRENFELL NO. 2	2,540	-	-	-	-	-	-
11 NOAAD AIRCRAFT - EXPORT FINANCE INSURANCE CORP./ AUSTRALIA	258 1/	354 1/	-	-	-	-	-
TOTAL	12,458	9,551	21,701	9,282	4,491	1,159	-

NOTES:

1/ ASSUMES US$1.00=A$1.00

2/ ASSUMES 12 MONTH DEFERMENT OF PRINCIPAL DUE JANUARY AND JULY, 1986.

3/ ASSUMES DEFERMENT OF PRINCIPAL DUE IN 1993 OR 1994 UNTIL 1987. INCLUDES BACK INTEREST FROM 1982.

4/ ASSUMES EARLY REFINANCING OF DEFERRED PORTIONS OF ECGD LOANS.

108

II. Development Plan 1985 - 1986

The Outer Island Dispensary system is currently incapable of delivering an adequate standard of medical care to the the served population. The unique geographical circumstances of the Marshall Islands makes the outer island system the only source of medical care for nearly half of the country's citizens. There is an immediate need to develop a functioning system.

Chronic underfunding, neglect of retraining, failure to develop an adequate communication system, and failure to replace deteriorating equipment have left the system with a substantial capital debt. High priority should be given to the retraining of health assistants, development of communication system, and reorganization of the supply system. Replacement of inadequate dispensary buildings, issue of adequate equipment, and initiation of a systematic training program must be addressed urgently.

It is anticipated that a system capable of meeting minimun needs can with adequate funding be functioning by the end of 1985. A well developed system capable of adequate primary care is possible by the end of 1986. Limiting factors in the development of a good system are the time required to bring the health assistant training to an adequate level and the availability of funding for equipment.

A. Training: The entire health assistant staff will require retraining within 1985. A 30 day training period is planned with the emphasis on physical diagnostic skills, training in the use of a radio, and orientation to a symptom oriented reference manual and drug reference guide. (See attached outline of curriculum.)

As with the successful programs located around the world, the training emphasis is to be on collection of patient data and communication of that data to a physician via radio. In effect the health assistant will be trained to talk to a doctor not to be one - a process that is considerably more economical. The health assistant will be trained to handle minor problems primarily and to seek physician advice for diagnosis and therapy of serious or potentially serious problems. This method presupposes an excellent communication system.

ESTIMATED COST TRAINING: $93,486

B. Communications: Radio communication among the distant atolls is possible via HF radio. Currently the goverment radio system has transcievers located at the major population centers at each atoll. These radios are not always immediately accessible to the dispensary which may be located miles away across the lagoon. Adequate medical care via the dispensary system requires immediate access to a radio and hence physician backup.

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The proposed medical communication system calls for the installation of 50 HF radios in dispensaries and a master radio located in the Majuro Hospital where there is a physician on duty 24 hr daily. Application for at least two radio frequencies separate from the present goverment frequency has been initiated.

COST COMMUNICATIONS SYSTEM: $234,344

C. Supply: A formulary of 36 basic medications and 12 emergency drugs has been developed. A manual for health assistant reference concerning these medications has been written and will be translated into Marshallese. The anticipated rate of consumption has been carefully estimated based on patient treatment records. A small computer has been programed and is available for functions of the outer island supply system. It is anticipated that a revised supply system will be in effect in early 1985.

COST MEDICAL SUPPLIES: $217,291 (per year)

D. Equipment: Replacement of unusable equipment and issue of new equipment to supply every dispensary with the basic necessities will be accomplished in 1985, if funding is available. Each dispensary should have as a minimum - stethoscope, blood pressure cuff, otoscope, minor suture set, examination table, lockable medication cupboard, desk, and lamp.

COST EQUIPMENT: $30,853

E. Periodic Health Team Visits: Optimal medical care requires periodic on-site visits by physician and public health team. It is anticipated that quarterly visits will be made to each dispensary starting in 1985. Transportation is to be by field trip ship, small craft, or aircraft as appropriate to the site. These visits will give the opportunity for skilled examination of chronic illness, immunizations, facility inspection, and on-site training. The expense of transportation of these team should be somewhat offset by a reduction in emergency referrals of chronically ill persons.

COST HEALTH TEAM VISITS: $90,114 (per year)

F. Medical Manual: A reference manual for health assistant use should be produced in 1985. This manual will be translated into Marshallese and serve as a guide for the initial care of patients. Emphasis will be on the care of minor injuries and illness and appropriate collection of information for physician evaluation by radio in more severe cases.

COST MANUAL PRODUCTION: $2,500

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F. Dispensary Facilities: There is an urgent need to upgrade the deteriorating condition of the majority of exisiting dispensaries. New dispensary construction is required at 24 sites. A civil engineer recruited for the construction of dispensaries is present on Majuro but has been assigned to other duties due lack of funding for dispensary construction. It is hoped that on completion of the new Majuro Hospital funding will be available for construction on the outer islands.

COST (Estimates per dispensary range from $6,000 to $40,000.)

G. Maintaince: Maintaince of existing facilities will be initiated to halt further deterioration. Health Assistants will be responsible for the maintaince. Materials will be supplied via outer island dispensay supply channels.

COST FACILITY MAINTAINCE: $16,500 (per year)

H. Retraining: Like maintaince of facilities maintaince of medical skills requires constant attention. Immediately on completion of initial training period a second stage of training will be initiated with emphasis on the emergency treatment of the acutely ill and injured. All health assistants will complete basic cardiopulmonary resuscitaion training in accordance with the standards of American Heart Association. Strong emphasis will be placed on the fundamentals of airway control, resuscitation of hemorrhagic shock, treatment of acute diabetic emergencies, and the management of obstetrical and neonatal emergencies. This training phase should commense prior to the end of 1985.

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REPUBLIC OF THE MARSHALL ISLANDS

TECHNICAL ASSISTANCE NEW PROJECTS

FISCAL YEAR 1986

PROJECT		AMOUNT
1.	HEALTH SERVICES PROJECT	$ 160,000
2.	ENVIRONMENTAL PROTECTION AUTHORITY	50,000
3.	PROCUREMENT AND SUPPLY	50,000
4.	ACCOUNTING ADVISOR	40,000
5.	PUBLIC SAFETY TRAINING	80,000
6.	STATISTICIAN	40,000
7.	NATIONAL HEALTH INSURANCE PLAN	50,000
8.	OUTER ISLAND TRADE DEVELOPMENT	40,000
9.	SPECIAL OPERATIONS & MAINTENANCE	600,000
	TOTAL :	$ 1,110,000

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HEALTH SERVICES PROJECT

In the latter half of 1985, the new Majuro Hospital is scheduled to open. It is anticipated that by early 1986, the entire facility will be in operation. In order to insure maximum utilization of the facility, and the medical equipment provided under the the construction of the hospital, the following technical assistance is requested:

1. NUTRITION SPECIALIST: This person will work in the hospital kitchen and will be responsible for preparing appropriate meal menu's for all patients, especially those patients in need of special diets. Presently, under trained staff work in an inadequate facility. The move to the new plant will require more specialization, and affords the opportunity for better nutrition patient care.

2. MEDICAL RECORDS SPECIALIST: A specialist is requested to design and implement procedures for proper medical records flow. This will insure the facilitation of processing, including the compilation of vital medical statistics, medicine dispensed and documentation of patient care. It has recently been discovered that documentation of medical care provided by Health Services and the associated statistics used for efficient planning and administration are virtually non-existent.

3. INHALATION THERAPIST: Sophisticated inhalation equipment designed to treat those with serious respiratory ailments has been supplied to the new hospital. It is necessary that a specialist trained in the operation of this equipment be present in order that proper and careful utilization take place. Presently, there are no trained staff personnel within Health Services to provide such services.

PROJECT COST: $ 160,000

ENVIRONMENTAL PROTECTION AUTHORITY

Recent legislation calls for the establishment of an Environmental Protection Authority within the Republic of the Marshall Islands. The objectives of the Authority are to provide for the "...protection and management of the environment...". The Act calls for an Executive Officer, with skills and experience in environmental management. This person's duties would be to develop regulations and policies consistent with the objectives of the Authority, and manage their implementation. These responsibilities

include assistance in the development of enforcible penalties against those who violate the Authority's regulations.

PROJECT COST: $ 50,000

PROCUREMENT AND SUPPLY

In efforts to meet the Congressional Order of responsible fiscal management, it is requested that the following technical assistance, in relation to the Republic's Procurement and Supply system be provided:

1. Planning, design and implementation of a centralized Procurement and Supply Operation for RepMar;

2. Provision of training to Public Service Officers in the procurement of supplies, equipment, construction and services. Also practices related to competitive bidding; and,

3. Develop written procurement regulations and desk procedure manuals.

PROJECT COST: $ 50,000

ACCOUNTING ADVISOR

Because of certain problems encountered with the implementation of our new computer system, our Accounting Advisor, provided through a previous Technical Assistance grant, has been unable to complete his intended assignment. Although he has made us aware of programming errors in the software component of the financial management system, he has not been able to devote his energy to training Dpeartment of Finance staff in other areas of accounting and financial managment. It is therefore requested that an extension of one year be approved to retain his services so that he may complete the task originally envisaged.

PROJECT COST: $ 40,000

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PUBLIC SAFETY TRAINING

The Department of Public Safety has been participating in overseas police training for the past two years. This has been of assistance in training a handful of Public Safety officers in various areas. However, comprehensive on-site training for both National and Munincipal level public safety officers has been identified as top priority, and is specifically set forth in the sectorial Five Year Development Plan.

This project is designed to cover two areas of need on a full time basis. The first being police training in investigative procedures, trial/criminal law, traffic control, First-Aid and CPR, the collection and preservation of evidence, and physical fitness. The other will be to provide training in basic fire fighting, arson protection, public fire education, and fire prevention practice.

A qualified advisor(s) with a criminal justice and fire science backround with instructional experience is needed. The advisor should be prepared for extended stays on Ebeye and outer islands, as well as Majuro, and will assist Local Governments in improving their expertise in these areas.

PROJECT COST: $ 80,000

STATISTICIAN

At present there is an acute shortage of statistics in the Republic, which adversely affects national planning activities. It has also constrained the scope of project design efficiency for the development of the economy.

The implementation of the Five Year Development Plan requires close monitoring to determine the extent to which the national development objectives are being achieved. Statistical indicators related to various economic and social variables measure such achievement.

This project will generate statistical data and establish a mechanism for plan formation and implementation, policy making, and publication of a regular Statistical Bulletin. Additionally, a requirement of the Compact of Free Association calls for regular submission of reports to the U.S. Congress on the progress of the Development Plan. A statistician would be of great assistance to meet these requirements, as presently, there are no trained staff to adequately carry out these responsibilities.

PROJECT COST: $ 40,000

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NATIONAL HEALTH INSURANCE PLAN

Assistance is requested for the development of a National Health Insurance Plan. It is envisaged that the entire population of the Republic would be insured against major illnesses, which often necessitates expensive off-island referral care. It is anticipated that such a plan would ultimately provide maximum coverage, with extensive savings to the government, when compared with the current medical referral program in effect.

PROJECT COST: $ 50,000

OUTER ISLAND TRADE DEVELOPMENT

In the Five Year Development Plan, the development of the economic activities of the outer islands is given high priority. Projects are identified to diversify and commercialize these areas with a view of improving overall living standards.

An advisor with cooperative business organization experience is requested to establish a cooperative organization (and appropriate laws and by-laws required for effective operation) to develop trade between the outer islands and the urban centers of Majuro and Ebeye. It is anticipated that some activities, such as handicraft production, could be designed for export marketing.

The organization will be set up to collect commercial products from the outer islands and supply the markets of the more heavily populated areas dependant on imported goods. The organization could possibly be involved in banking and financing activities in the outer islands as well.

PROJECT COST: $ 40,000

SPECIAL OPERATIONS AND MAINTENANCE

The Government currently uses Special Operations and Maintenance funds to procure technical assistance in the public works area on Majuro and Ebeye. The total value of these one year contracts is $600,000. Funds are used to retain outside expertise to implement the recommendations made in a 1981 study of the operations and maintenance needs of the Republic.

There is no funding request in the United States Government fiscal year 1986 budget for Special Operations and Maintenance. The training programs initiated with these funds need to be continued for at least one more year in order to implement the preventive maintenance plans that are under development.

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2/25/85

1986 CIP PROJECT REQUIREMENTS FOR KWAJALEIN ATOLL

PRIORITY	PROJECT	NEED	US $ In1000's
A	Ebeye Dock Repair	[Emergency]	500
A	Desalination Plant Shortfall	[Health, Safety, Welfare]	1,000
A	Sanitary Land Fill	[Health, Safety, Welfare]	500
A	3rd Generator	[Infrastructural Develop.]	2,250
A	Causeway, Ph I	[Infrastructural Develop.]	7,500
		SUBTOTAL:	11,750
B	Intra Atoll Dev. Projs.	[Health, Safety, Welfare]	250
B	Fire/Police Facility	[Health, Safety, Welfare]	400
B	Elementary School	[Social Development]	200
B	Emerg. Housing	[Health, Safety, Welfare]	400
B	New Facilities Preventive Maint.	[Infrastructural Support]	800
		SUBTOTAL:	2,050
C	High School	[Social Development]	200
C	Reservoir/Catchment	[Infrastructural Development]	600
C	Fuel Farm	[Infrastructural Support]	2,000
C	Water Distb./Collect.	[Infrastructural Development]	500
C	Telephone Upgrade	[Infrastructural Development]	250
C	Playgrounds & Parks	[Social Development]	100
C	Shelter Upgrade	[Infrastructural Development]	250
		SUBTOTAL:	3,900
		TOTAL.....	$17,700

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Jaluit Atoll - Sub- District Center
Republic of the Marshall Islands

Development Budget Request

In a report last year, the Committee on Interior and Insular Affairs reported that a Government Accounting Office study indicated that "the United States' responsibility for Capitol Improvement Programs were not as close to being completed as the Department of the Interior would lead us to believe". It is the belief of the Honorable Senator Carl Hiene, Jaluit Atoll and Senator Evelyn Konou, Jaluit Atoll that there are unfinished projects of the Administering Authority. Jaluit Atoll is one of them.

Jaluit Atoll is a Sub-District center in the South Marshall Islands with a population of approximately 2,000 people with a projected growth of 3.5% a year. It has a High School which presently accommodates 200 students from many atolls and islands throughout the Marshalls. The student population is expected to double to 400 within five years. It is presently served periodically by the Airline of the Marshalls (AMI) utilizing a small unpaved runway. There is a power plant with limited capacity which serves a small portion of Jabor Island. Water provided by individual roof catchments and shallow wells. The Jabor-Jaluit road linking the two major population centers is presently unpaved coral. The only medical facility is a dispensary staffed by one Medical Officer.

In order for economic development to succeed in this area it is requested that the following CIP projects should be funded as listed below:

Jabor-Jaluit Water Project

It is proposed that a three phase project be funded to assure the present and future supply of water is provided for the expanding population.

Jabor-Jaluit Lens Well Study. The scope of work for this study will delineate the extent of the potable water and determine the amount that can be safely pumped from the aquifer.

Estimated cost $ 250,000

Water Project. The scope of work for this second phase of the project would provide for the construction of a lens well gallery system, pumps, two reservoirs (1-raw water and 1-treated), water lines with house connections and a filtration and clorination plant.

Estimated cost $2,500,000

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Water Connection to Airport The scope of work for this phase would be the final connection, upon completion, of the Airport Extension and Paving Project (see below) which provides for additional backup of water and the recharging of the lens wells.

Estimated cost $ 100,000

Jaluit Airport Extension and Paving Project

The scope of work for this proposed project would be to expand the existing airport runway to accommodate the larger AMI aircraft. It would also provide for asphaltic concrete paving over the runway and aprons. By constructing proper elevations, the paving would allow for the development of a large catchment area for rainwater. It is estimated that with each inch of rain would capture up to 500 thousand gallons of water. This system would be similar to the Majuro and Kwajalein Atoll runway catchments.

Estimated cost $ 400,000

Jaluit Airport Terminal

The scope of work for this proposed project would be to construct a terminal building to provide accommodations to the numerous passengers at the present and in the future. The Jaluit airport is one of the busiest in the Marshall Islands outside of Majuro and Kwajalein.

Estimated cost $ 150,000

Jaluit Sewer System Project

The scope of work for this proposed project would provide for the protection of the potable lens well system by construction a piped sewer system, primary treatment plant, and a deep ocean outfall on Jabor to handle the present and future population. It would also provide individual house connections. By funding this project additional benefits will be realized in the reduction of water borne diseases presently attributable to contamination of the potable water supply.

Estimated cost $2,000,000

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Jabor-Jaluit Road Paving Project

The scope of work for this proposed project would provide for the grading, paving with asphalt, and sealing the present road connecting the two population centers of Jaluit Atoll. This road is an economic pipeline which if paved, would be a major incentive for copra producers and trading companies to increase their activities. The road is also a link to the airport from both centers.

Estimated cost $1,500,000

Jabor Power Plant Upgrade and Electrical Distribution Project

The scope of work for this proposed project would provide funds for the upgrading of the present power plant and expansion of the electrical transmission lines. In order for economic development to proceed in Jaluit and essential services requirements are to be met, it is of the utmost importance that a safe and reliable electrical system be provided. It must allow for the increasing need of the business and residential communities, both now and into the future.

Estimated cost (Power Plant Upgrade) $ 500,000
Estimated cost (Electrical Distribution) $ 500,000

Jaluit (Jabor) Dock Project

The scope of work for this DOI partially funded project in the amount of $880 thousand is to design and construct a new dock at Jabor, Jaluit Atoll. Included in the scope is the removal of the existing dock which had failed structurally and is collasping.

A review of the Jaluit Dock Projects plans designed in 1978 by the Corp of Engineers is being studied at this time. These plans estimated that the total construction costs and removal of the existing dock would be approximately $2 million. Adding a conservative estimate for inflation the past seven years (7 years X .05%) would indicate that the present day cost would be an additional of $.7 million or $2.7 million total. Given the amount of the grant, an additional $1.82 million should be requested from the DOI to complete the scope of work the Corp of Engineers thought was necessary in 1978 for this project.

Estimated additional cost $1,820,000

Renovation of Jabor Dispensary Project

The scope of work for this proposed project would be to renovate and install new equipment to the existing Jabor Dispensary. This facility will serve as a Medical referral for the entire South Marshall Islands. At present it is staffed with one Medical Officer, but with the growing popuiation, ie., residential and high school, the demand for additional medical services is critical.

Estimated cost $ 250,000

Total requested $9,970,000

REPUBLIC OF THE MARSHALL ISLANDS
FEDERAL PROGRAMS REQUESTED TO BE FUNDED

The following is aproposed list of federal programs, the appropriate U.S. Agency or Department, and funding levels.

This list does not include all federal programs currently funded, but includes those programs which are of a higher priority.

Federal Agency	Amount
ENVIRONMENTAL PROTECTION AGENCY	
1. Office of Territorial Programs "Water Supply Initiative" Proposal:	450,000
2. Rural Sanitation Program:	1,500,000
DEPARTMENT OF HEALTH AND HUMAN SERVICES	
1. Public Health Grant Programs:	
A. Maternal and Child Health Block Grant	200,000
B. Public Health & Health Systems	50,000
C. Alcohol, Drug Abuse & Mental Health	20,000
D. Health Planning	50,000
E. Venereal Disease/Immunization	20,000
F. Family Planning	50,000
G. Continuing Education	30,000
2. Headstart	450,000
3. Area Agency on Aging	400,000
4. Community Services Block Grant:	200,000
DEPARTMENT OF EDUCATION	
1. Chapter's 1 & 2	2,200,000
DEPARTMENT OF LABOR	
1. Job Training Partnership Act	350,000
UNITED STATES DEPARTMENT OF AGRICULTURE	
1. Hot Lunch Program	3,000,000
2. Nutrition Education	20,000
HOUSING AND URBAN DEVELOPMENT	
1. Community Development Block Grant	400,000
DEPARTMENT OF ENERGY	
1. Energy Conservation and Extension	80,000
DEPARTMENT OF JUSTICE	
1. Juvenile Justice and Delinquency Prevention	100,000
DEPARTMENT OF INTERIOR	
1. Historic Preservation:	50,000
TOTAL PROGRAM FUNDS REQUESTED:	$ 9,620,000

SOURCES OF FUNDING
COLLEGE OF MICRONESIA
1983-1984

Source	1983 Amount	1983 % of Total	1984 Amount	1984 % of Total
DOI Basic Grant	$1,400,000	37.3%	$1,500,000	37.0%
Federal Grants 1/	1,639,495	43.7	1,817,698	44.9
Gov't Contributions	171,350	4.6	196,300	4.8
Tuition and Fees	394,025	10.5	265,980	6.6
Others	145,895	3.9	269,823	6.7
TOTAL	$3,750,765	100.0%	$4,049,801	100.0%

NOTE:

1/ Pell grants and College Work-Study Grants, both of which are used to offset tuition costs.

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w. carleton hawpe, architect
45-249 kenela street kaneohe, hawaii 96744 (808) 235 4992

TO: Marshall Islands Development Authority
Republic of the Marshall Islands
Majuro, Marshall Islands

DATE: Feb. 20, 1985

ATTN: Chairman Oscar Debrum

PROJECT: College of Micronesia School of Nursing
Majuro, Marshall Islands

SUBJECT: Construction Budget Estimate

DESCRIPTION OF FACILITIES

Dormatory: A single building, probably two stories, with two person rooms clustered in 6 room groups, each group having a living/study room and bath unit. Facility would accomodate a total of 48 boarding students. A laundry room and 2 room apartment for an adult monitor are also included along with a cafeteria and kitchen facility to feed up to 70 persons.

24 Student Rooms @ 224 sq. feet ea.:	5,376
4 Common rooms @ 360 sq. feet ea:	1,440
4 Bathrooms @ 200 sf ea.:	800
Monitor's Apartment @ 400 sq. feet:	400
Laundry @ 192 Sq. feet:	192
Cafeteria for 70 @ 15 sf/person:	1,050
Kitchen & Storage @ 100% of Cafeteria:	1,050
Mechanical & Service:	250
Circulation @ 15%:	1,583
Total Square Feet Required:	12,141 RT 12,500

Learning Facility: A single one story building with two classrooms, a multipurpose room, lab, library, administrative offices and toilets.

2 Classrooms @ 1000 sf ea.:	2,000
1 Multipurpose room @ 1000 sf:	1,000
1 Library @ 640 sf:	640
1 Laboratory @ 640 sf:	640
Administration Offices @ 1,000:	1,000

Nursing School
Construction Budget Estimate
Feb. 20, 1985
Page 2.

Toilets and service @240:	240	
Circulation @ 15%:	828	
Total Square Feet Required:	6,348 RT	6,500

Staff Housing: Two single family houses for faculty with families and four duplexes for couples or single faculty.

2 Single Family Dwellings @ 1600 sf ea:	3,200	
4 Duplex Units @ 1900 ea:	7,600	
Total Square Feet Required:	10,800	10,800

COST ESTIMATE BREAKDOWN

ITEM	SQUARE FEET	COST FACTOR PSF	TOTAL
Dormatories	11,450	$95.00	1,087,750
Kitchen	1,050	125.00	131,250
Learning Facility	6,500	90.00	585,000
Single Family Units	3,000	65.00	195,000
Duplex Units	7,600	60.00	456,000
Site and Utility Work, Lump Sum Estm.			120,000
SUBTOTAL CONSTRUCTION:			$2,675,000
Construction Contingency @ 5%:			129,250
Architectural & Engineering @ 5%:			129,250
REPMAR Administration @ 4%:			107,000
Furniture and Equip., Lump Sum Estm.			110,000
TOTAL ESTIMATED CONSTRUCTION COST*:			**$3,150,500**

* Does not include land acquisition costs.

Submitted By: W. Carletom Hawpe

W. Carletom Hawpe, Architect

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P 60

THE PRESIDENT'S PERSONAL REPRESENTATIVE
FOR MICRONESIAN STATUS NEGOTIATIONS
WASHINGTON, D.C. 20240

March 22, 1985

Honorable John F. Seiberling
Chairman, Subcommittee on Public Lands and
National Parks
Committee on Interior and Insular Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Seiberling:

This letter responds to your request for a point-by-point commentary on the statement delivered by Delegate Fofo Sunia of American Samoa at your Subcommittee's March 7 hearing on the Compact of Free Association. I sincerely appreciate the opportunity to respond to that statement.

Before commenting on the specific points raised in Delegate Sunia's statement, I want to say that we appreciate his affirmation that "I do not begrudge or desire to change at all the benefits that the FSM and the Marshalls will receive under the Compact. These forms of assistance are good, and, as they show the unequivocally expressed wish of the peoples involved, I do not oppose them per se." As you know, the peoples of the Trust Territory have always supported the United States territories in their aspirations, particularly in the case of Guam and American Samoa. In the case of the Northern Mariana Islands, the peoples of the other Trust Territory districts, then represented by the Congress of Micronesia, put aside other views and supported the approval by the United States Congress of the Northern Mariana Islands Commonwealth Covenant in 1975.

In his statement, Delegate Sunia highlights five areas of the Compact in the context of the way similar topics are treated in the United States territories. These are: (1) environmental protection, (2) program assistance, (3) grant assistance, (4) trade, and (5) taxation.

1. Environmental Protection.

Delegate Sunia states that "the Compact allows enough ambiguity to permit a less stringent application in the FSM and the Marshalls than in United States Territory. Here these new associated states reap the benefits of being alien territory, yet Section 162 of the Compact treats the Marshalls and the FSM as if

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they were the United States citizens when they bring civil suit against the United States for the latter's violations of environmental protection."

Delegate Sunia is precisely correct when he differentiates between United States territory and the freely associated states. The United States does not extend its laws to non-American areas (which the Trust Territory now is and which the freely associated states will be) except under unique circumstances. Thus, it would be inappropriate for federal law to regulate the environmental activities of the freely associated states. However, since the freely associated states desire to have the United States Government, in its activities there, to be bound by environmental regulations, the Compact provides that environmental standards substantially similar to those contained in United States laws will be mutually agreed by the United States Government and the freely associated state governments and will apply, reciprocally, to the activities of both governments. Thus, to the degree that the freely associated states desire United States compliance with very strict environmental standards, they must be able and willing to comply with the same standards themselves. It is true that the governments of the freely associated states, but not the citizens, would be able to compel judicial review of United States compliance with these mutually agreed standards. Reciprocally, were the freely associated state governments not to comply with the standards, the United States Government would be relieved of its obligation to comply.

This type of arrangement is unique to the Compact but is designed to be consistent with a relationship in which the laws of one nation to not apply in the territory of the other. The situation is wholly differentiable with respect to the United States territories which are within the sovereign jurisdiction of the United States and which receive the benefits of the application of federal law. Delegate Sunia speaks of the benefits of being alien territory but does not elaborate. It seems to the Administration that the greatest benefit in the field of environmental protection is the fact that the environmental protection legislation so painstakingly created and enacted by Congress over so many years is fully applicable, both procedurally and substantively, to the United States territories. The Federal Government, in its activities in these territories, is fully bound to those standards of protection. The freely associated states will not have this level of protection. Further, if anomalous situations occur in the blanket extension of these standards to the unique circumstances prevailing in the territories, ample precedent exists for Congress, in the exercise of its constitutional authority, to provide special treatment or exceptions for the territories. The states of the union do not enjoy that level of flexible response.

Thus, from the standpoint of environmental protection, the Administration believes that the United States territories enjoy a position more beneficial than that which will extend to the freely associated states and more responsive than can apply to the fifty states.

2. Program assistance.

Delegate Sunia notes that under Compact Section 221, the freely associated states will receive the continued services of five federal agencies, the amount of $10 million annually and alternate energy development projects as were in effect upon termination of the Trusteeship Agreement. He mistakenly notes that the $10 million will cover the services of five federal agencies when in fact this amount, which will be authorized by Compact Section 221(b) and which will be divided between the Marshall Islands and the Federated States of Micronesia in amounts of $3 million and $7 million respectively, must be devoted by the freely associated states to the financing of health care and education programs. Delegate Sunia asks whether he can "assure the residents of his territory" that the United States will not treat them worse.

In fact, as has been brought out repeatedly at hearings held by your Subcommittee, the federal services in Compact Section 221(a) and the health-care and education block grants in Section 221(b) are the only federal programs and services that the Compact will authorize upon its effective date. While additional federal programs might be extended by mutual agreement pursuant to Compact Section 224, such extension, for the United States, would require acts of Congress on a program-by-program basis. American Samoa, on the other hand, like the other United States territories, has a full call on the programmatic activities and benefits of the federal government. The five federal services which will extend under the Compact apply fully to American Samoa and have for many years. Rather than receiving a fixed block grant for education and health, American Samoa, like the other territories, is eligible for and participates in the full range of federal education and health programs. And, American Samoa and the other United States territories also are eligible for and, in many cases at their own discretion, can participate in the federal programs created by Congress and administered by all the agencies of the United States Government. Further, Congress has enacted legislation which provides for specialized treatment of the United States territories in terms of the applicability of federal programs, including very creative and beneficial features for grant consolidation, waiver of matching requirements and easing of administrative regulations.

The population of American Samoa is roughly comparable to that of the Marshall Islands. For the past three fiscal years, American Samoa has received an average annual amount in federal program support (not including Interior Department grants) of $12 million. During the same period, under the trusteeship arrangement, the Marshall Islands received an average annual federal program amount of $7.8 million. Under the Compact, the first year cost to the United States for federal services and programs for the Marshall Islands will be approximately $9.2 million, including the cost attributable to continuation of post-secondary scholarship assistance to freely associated state citizens (Compact Section 223).

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Enactment and implementation of the Compact will in no way diminish the commitment and responsibility of the United States Government to the continued extension of a broad range of federal programs to American Samoa and the other United States territories. Rather, from a comparative standpoint, the Compact will bring about a more limited participation by the freely associated states in the very programs Delegate Sunia seems to desire.

3. Grant Assistance.

The area of grant assistance, as much as that of program assistance, demonstrates the greater commitment of the Federal Government to the United States territories than to non-American areas such as the Trust Territory or the future freely associated states. For purposes of comparison, I will again use American Samoa and the Marshall Islands, given their similarity in population, although it should be remembered that the Marshall Islands comprises more than 1000 islands while in American Samoa, more than eighty percent of the population resides on one island, Tutuila.

Over the period of the last three fiscal years, American Samoa has received, for operations and construction from Congress through the Interior Department, an average annual grant of $26.2 million. The Administration has requested, for FY 1986, an operations and construction grant of $25.4 million for American Samoa. During the same three year period, the Marshall Islands, under trusteeship administration, received an annual average operations and construction grant of $15.2 million. For FY 1986 under the Compact, including all of the sections of the Compact cited by Delegate Sunia, the Marshall Islands would receive, for the equivalent of recurrent operations and construction, the amount of $26.4 million.

Historically, therefore, in terms of grant assistance from the United States, American Samoa has received significantly more annually than the Marshall Islands. Under the Compact, the amounts for operations and construction grant assistance will be approximately equivalent for American Samoa and the Marshall Islands, assuming present trends continue. As noted above, however, the Compact will bring about an important reorientation in the type of assistance the freely associated states will receive from the federal government. Thus, while grant assistance increases, federal program assistance decreases. In comparative terms, this means that for FY 1986, for operations, construction and federal programs, American Samoa is expected to receive approximately $39.2 million and the Marshall Islands, for equivalent purposes, is expected to receive $35.6 million. If recurrent, rather than first year projections for federal service expenditures for the Marshall Islands are used, the Marshall Islands amount would be reduced to $33.1 million, or less than 85% of what American Samoa is expected to receive.

It is important to point out, additionally, that the Marshall Islands and the Federated States of Micronesia will receive the amounts specified in the Compact for a fifteen year period, after which time the United States will have no obligation to provide any grant, service or program assistance. There is no similar cutoff period in the federal-territorial relationship. And that is as it should be.

Delegate Sunia mentioned in his remarks the situation with respect to the post-secondary educational institution in American Samoa. In fact, because American Samoa is a part of the United States, it is appropriate for that institution to continue to enjoy its land-grant status, which entitles it to receive, at various points, annual support funds and an endowment. The similar institution in the Trust Territory will not retain its status as a land-grant institution because the freely associated states will not be legally a part of the United States. This was a negotiated point which the freely associated states are willing to accept. It points out another area where the United States territories enjoy advantages over the future freely associated states.

With respect to the operation of Compact Section 217, which adjusts the base amounts of grant assistance set forth in the Compact for inflation, the amounts included in the computations in this letter include the effect of Compact Section 217. Thus, if present trends continue, American Samoa can expect to continue to receive substantially more than the Marshall Islands in terms of total federal assistance, even after the Compact amounts for the Marshall Islands are adjusted for inflation.

In a larger sense, the United States territories have traditionally received greater amounts from the federal government, including federal income tax rebates, than has the Trust Territory or than will the freely associated states in terms of federal grant and program assistance. Aside from the circumstances surrounding any particular budget year, there is every reason to believe that this trend will continue. The rationale underlying this situation is that the Federal Government has greater responsibilities to the United States citizens living in the United States and its territories than to the non-American citizens living in the Trust Territory or the future freely associated states.

4. Trade.

Delegate Sunia discussed the applicability of headnote 3(a) of the United States Tariff Schedules to the future freely associated states and asserts that such application will be "without the watchfulness of the Department of Commerce", in the context of relaxed environmental protection provisions and under an arrangement in which the freely associated states will be able to determine wages.

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First, the very language Delegate Sunia cites in his statement shows that all the "exceptions, valuation procedures and other provisions" of headnote 3(a) will apply equally to the freely associated states. Thus, the same tests of origin of materials, certification of added value and other restrictions that the Customs Service applies to the materials entering the United States from the territories, which have enjoyed headnote 3(a) treatment for many years, will apply to the products of the freely associated states. Any Presidential or Congressional alteration of headnote 3(a) will apply to the freely associated states as it would to the territories. Thus, federal oversight will extend to the freely associated states as it does to the United States territories.

Second, I have already commented on the environmental protection provisions of the Compact and their comparison to the environmental protection provisions applicable to United States territories. The same basic formula applies in the context of the trade provisions of the Compact. The United States territories enjoy a position on environmental protection more beneficial than that which will extend to the freely associated states and more responsive than can apply to the fifty states.

Third, the federal minimum wage will not extend to the freely associated states, nor does it now extend to the Trust Territory. It also does not extend to American Samoa or the Northern Mariana Islands. Both the Marshall Islands and the Federated States of Micronesia have developed minimum wages for governmental employment and these wages, which comprise a strong base for determination of prevailing wages in the areas due to the high percentage of government employment, are comparatively high among the Pacific islands. Congress, of course, has the right to make United States minimum wage laws applicable to the United States territories. At present, if inapplicability of these laws is seen as beneficial, the future freely associated states will not enjoy benefits greater than American Samoa, or, perhaps more pertinently, than the Northern Mariana Islands, the United States territory emerging from the Trust Territory.

While on this topic, I would like to take the opportunity to respond to your invitation for comment on a hypothetical situation discussed at the hearing your subcommittee held on March 7, 1985. You requested of Mr. Berg of OMSN that we consider the question of whether all of the economic incentives of the Compact, taken in the context of anticipated low wages in the freely associated states, could potentially adversely affect the economies of the United States Pacific territories or the United States itself, by means of diverting the locus of employment.

It is important to note the present economic conditions of the Marshall Islands and the Federated States of Micronesia when considering whether any mix of incentives applied to them would be adequate to lure business and economic activity away from the United States or its territories. In the most recent reporting years, average family income in the Marshall Islands and the

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Federated States of Micronesia was under $700 annually. The same statistic for American Samoa is almost ten times greater and, for Guam and the United States Virgin Islands, almost twenty times greater. The populations of all of the territories are larger, better educated, healthier and, by a considerable margin, better trained. The resource mix of the territories, even beyond human resources, is more productive. Finally, the territories can attract investment because they are a permanent part of the United States and under the legal system of the United States.

But the primary reason that the freely associated states are unlikely to pose a threat to the economy of the United States or its territories is that the Trust Territory, where all of the initial conditions of the freely associated states prevail, is now so distinctly lacking in productive investment or economic growth. We believe that the fifteen year incentive provisions of the Compact may be sufficient to allow the future freely associated states to approach the level that the United States territories enjoy today. The historic commitment of Congress in addressing the needs and evolving challenges of the United States territories will allow for continued, dynamic growth for them over the next decade and a half.

5. Taxation.

Like the trade provisions of the Compact, Delegate Sunia expresses concern that the freely associated states will receive benefits which will put them at a comparative advantage to the United States territories. We do not believe this can or will happen. When developing the tax provisions, the same guiding principles as applied to the trade provisions were used, that is, to provide to the freely associated states the same, but not greater, benefits as applied to the U.S. territories. Even this principle does not provide fully equivalent treatment to the freely associated states since their benefits will expire, and there will be no obligation for the United States to renew them, upon the fifteenth anniversary of the effective date of the Compact.

With respect to Section 936 of the Internal Revenue Code, if that Section has been altered since January 1, 1980, then it will not extend to the freely associated states under the Compact. Rather, the Compact requires that separate arrangement addressing the same subjects as the expired or amended internal revenue provision be developed between the United States and the freely associated states. Such an arrangement would be in the form of a tax treaty and would not involve the extension of Internal Revenue Code provisions. Thus, the Compact's provisions anticipate alterations in the Internal Revenue Code, and will accommodate them. At the same time, the Administration, in negotiating the Compact, concluded that taxation benefits, and a reasonably specific assurance of their duration, would be of assistance to the future freely associated states in the area of investment attraction and economic development. The Administration continues to believe this is the case, as is indicated by President Reagan's resubmittal of the Compact to Congress.

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I do not want to give the impression in this letter that we believe the terms of the Compact to be either unfair or inadequate to the future freely associated states. We believe, to the contrary, that they are fair, sufficient and fully consistent with the political status of free association. The peoples of the Marshall Islands and the Federated States of Micronesia have freely chosen, in valid acts of self-determination, to continue their relationship with the United States as freely associated states. They had the opportunity to choose United States territorial status but felt, by large majorities, that their destinies lie along different paths. But, contrary to the statements of some, the Marshallese and Micronesian people are not attempting to leave the American family. Rather, it is their effort, and ours, to make their continuing relationship with the United States relevant to the times and consistent with the freely expressed wishes of the people.

I appreciate the opportunity to comment on the points raised in Delegate Sunia's statement and on related points which have arisen in your Subcommittee's hearings. I believe that the statements of Marshall Islands Chief Secretary Oscar deBrum delivered to the Subcommittee's March 14 hearing and the statement of Federated States of Micronesia Vice-President Bailey Olter delivered to the Subcommittee's March 19 hearing also provide important information and responses relevant to the subject of this letter.

Sincerely,

Fred M. Zeder II
Ambassador

REPUBLIC OF THE MARSHALL ISLANDS
MAJURO, MARSHALL ISLANDS 96960 CABLE: REPMAR

1 April 1985

Ms. Patricia A. Krause
Professional Staff
Subcommittee on Public Lands
and National Parks
Committee on Interior and Insular Affairs
House of Representatives
Washington, D.C. 20515

Dear Ms. Krause:

I have enclosed for the record of the Subcommittee on Public Lands, the answers of my government to questions submitted by the Subcommittee in respect to the Compact of Free Association. I have also enclosed my government's response to the statement made at the Subcommittee's 7 March hearing by Delegate Sunia, along with the responses of my government to statements made at the Subcommittee's 14 March 1985 hearing by Senators Konou and Kibin of the Marshall Islands and Assistant Secretary Montoya of the United States Department of Interior.

If the Subcommittee has any additional questions for the Government of the Republic of the Marshall Islands, we would be pleased to answer them.

Sincerely yours,

Oscar de Brum
Chief Secretary

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ANSWERS TO QUESTIONS
SUBMITTED BY THE SUBCOMMITTEE ON PUBLIC LANDS
TO THE
GOVERNMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS
IN RESPECT TO THE COMPACT OF FREE ASSOCIATION

1. Question:

Would there be any problems with your government if during markup of this compact legislation, this subcommittee decided to add language to Article II of Section 177 that would designate how specific amounts from the fund should be spent, for example, for food programs for certain groups of people affected by the U.S. nuclear testing or for the four-atoll health care program in later years or for other matters related to this section?

(We note that there is to be some $2 million annually for the 15-year period for what is generally listed as health, food and agricultural maintenance. And there is no mention, as far as we can determine, of this money in the five-year economic development plan.)

Additionally, we understand from representatives of your government that there will probably be some $150 million available to your government at the end of the 15-year period, provided the initial $150 million to be provided for the trust fund under Section 177 is well invested. What kind of plans are being developed for the spending of that amount of money? Has the U.S. issued any guidelines regarding how that money is to be spent?

Answer:

My Government would object to the unilateral addition, modification, or deletion of any language in the Compact and its related agreements by the United States Government. Pursuant to Section 431 of the Compact and similar sections in the related agreements, amendments to these documents, of any nature, can only be made by mutual agreement.. And such amendments can only be made after the Compact has first been approved and implemented. We do not now wish to renegotiate the Compact.

We believe that during the United States congressional review process the United States Congress can, in conformity with the provision of the Compact, authorize the extension of additional funds, programs and services and make provision for the implementation of the Compact as set forth in Section 471. Should the United States Congress unilaterally restrict, modify or remove any of the benefits and rights the Compact grants to or recognizes resides with the freely associated states, such would

constitute a material change and would jeopardize the Compact and future relations between the U.S. and the Marshall Islands. The resulting delay in termination of the Trusteeship would serve only to frustrate the legitimate aspirations of our people for self-government. Such would be the case, if the amendment proposed in paragraph one of this question were to be unilaterally made by the United States Government.

For the record we would like to correct the assumptions appearing in the second paragraph of this question. First, the $2 million to be provided to the Government of the Republic of the Marshall Islands under Article II, Section I(a), of the Section 177 Agreement, shall be used by our government to obtain technical assistance from the United States to include in its health-care system, health-care programs and services related to the consequences of the U.S. Nuclear Testing Program in the Marshall Islands and contemplated in United States Public Law 95-134 and United States Public Law 96-205. Such assistance may include the continuation of programs and services provided by the United States Government prior to the effective date of the Compact. Second, funds will be made available to the peoples of Bikini, Enewetak, Rongelap and Utrik under Article II, Sections 2, 3, 4 and 5, respectively, of the Section 177 Agreement for food and agricultural maintenance programs. Third, the $2 million provided under Article II, Section 1, of the Section 177 Agreement is discussed in the development plan on p. 184. Detailed plans for the use of such funds will be made in consultation with the affected people.

If after the first 15 years, the Republic of the Marshall Islands Nuclear Claims Fund remains intact, it shall continue to be invested with up to 75% of the annually proceeds going to pay uncompensated claims ajudicated by the Section 177 Claims Tribunal. All other proceeds shall either be reinvested or used by the Government of the Republic of the Marshall Islands to address the unique needs and circumstances of the people of the Marshall Islands as a result of the nuclear testing program, including the continuation of health and radiological programs referred to in Article II, Section 1, of the Section 177 Agreement. These provisions were agreed to by the United States Government and serve as guidelines to the expenditure of the funds. Detailed plans for the expenditure of such funds will be prepared over the next several years to address the changing needs of the people.

2. Question:

Re the $150 million trust fund provided for in Section 177, if the prevailing interest rate remains below 12 percent per annum, will there still be a full $150,000,000 corpus fifteen years after implementation.

Answer:

If during the initial 15 years of the life of the Republic of the Marshall Islands Nuclear Claims Trust Fund, the fund does not return sufficient annual proceeds to meet the disbursement schedules set forth in Article II, Sections 1 through 6, of the Section 177 Agreement, then disbursements shall be made from the fund on an annual basis to supplement the annual proceeds in the amount of the difference pursuant to Article II, Section 7(a), of that agreement. Under such circumstances the fund corpus may be reduced below $150 million by the end of the initial 15 years.

3. Question:

At our May 8, 1984, hearing on the Section 177 agreement, David Anderson, counsel for the Enewetak people, expressed concern about the ownership of Ujelang. He said that in the initial drafts of the compact, the Marshalls government asked for compensation for American use of public lands on Ujelang and certain other atolls. He said that the Enewetak people believe that Ujelang Atoll is the sole property of the Enewetak people because they received a quit claim deed from the U.S. in 1976.

Are you aware that the U.S. deeded Ujelang to the people of Enewetak on September 16, 1976?

Did your government's claims for compensation date from the years prior to 1976?

Is it the position of your government that that transfer was effective in conferring title to Ujelang on the people of Enewetak?

(IF NO: Can you tell us what lands on Ujelang the Marshalls government claims the right to compensation for?)

Do you have any reason to disagree with the view of the Enewetak people that Ujelang is their sole property? (If you do, would you please supply to this subcommittee by March 30 a memo stating the reasons for that view and a description of the property which you consider to be government property that is located on Ujelang?)

What would you think of having language added to the Section 177 agreement that would clarify who owns Ujelang?

Answer:

My Government is not aware that the United States deeded Ujelang to the people of Enewetak on 16 September 1976. From our discussions with members of the U.S. Administration, it does appear that in 1976 the Government of the Trust Territory of the

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Pacific Islands did quit claim deed to those holding traditional rights in Enewetak Atoll, all rights title and interest vested in that government to Ujelang Atoll.

My Government has no claims for compensation for the use of Ujelang prior to 1976.

The issue of ownership of Ujelang, or for that matter, any land in the Republic of the Marshall Islands can only be determined by the courts of the Republic in accordance with our Constitution. In as much as the issue of Ujelang ownership has not been adjudicated by our courts, or even presented to them for a determination, we are not in a position to render an opinion on title to Ujelang.

In this connection, we note that no language could be added to the Section 177 agreement which would clarify who owns Ujelang, such language can not amend the laws of the Marshall Islands. Further, we would object to the insertion of any such language on grounds that the United States cannot unilaterally amendment or otherwise modify the Compact and its related agreements as discussed above.

4. Question:

Article X of the proposed compact is the "espousal" article. It has two sections. The first states that the compact itself is the full settle of all claims against the United States or its agents based on the nuclear testing program, whether those claims are brought by the government of the Marshall Islands or its citizens or nationals. Under the second section, the Marshall Islands government agrees to terminate any legal proceeding in the Marshall Islands courts brought against the United States or its agents or people, involving claims by the Marshall Islands government or its citizens or nationals arising from the nuclear testing program.

Closely related to Article X is Article XI, entitled "Indemnity." Under that article of the compact, the Marshall Islands government agrees to indemnify and hold harmless the United States, its agents, employees, contractors, citizens and nationals, from all claims based on the nuclear testing program which may be brought in any court or other judical forum anywhere. The amount of this indemnification does have a cap of $150 million.

I have some questions about these two related articles:

- Did the Marshall Islands government consult with the various groups of Marshallese with a particular interest in the nuclear-testing claims before agreeing to Article X?

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- Did these groups agree to allow the Marshalls government to espouse their claims?

- Do you regard these articles as fair and in the best interests of your government and people?

- Why did you agree to them?

- Before agreeing to the provisions of articles X and XI, did the Marshall Islands government obtain a legal opinion as to whether you have adequate authority -- under any applicable laws, including your own constitution -- to thus undertake to cut off the ability of your citizens and nationals to prosecute claims against the United States?

- If so, could we have a copy of the legal opinion?

- By whom was it provided to you?

- Did you receive advice from any part of the United States government on this question? If you received any written advice or other communication from the United States government, could we have copies of that?

- Under what circumstances would the Marshall Islands government be liable to reimburse or otherwise repay part or all of the funds it is to receive under the compact, should the indemnification provisions of article XI come into effect?

- Does the question of the legal authority of the Marshall Islands government to agree to the provisions of Article X have a bearing on whether indemnification of the United States could be required under Article XI?

- In other words, let us suppose that it was authoritatively decided, by some court with adequate jurisdiction, that article X was invalid and therefore that the claims which would be covered by that article are not cut off, but in fact survive. Let us also suppose that some or all of the claimants are successful and win judgments against the United States or its agents. Under that scenario, with Article X no longer in place but Article XI still operative, wouldn't the Marshall Islands government have to reimburse the United States for all the amount that the claimants are awarded, up to a limit of $150 million? (Answer: apparently, yes)

Answer:

As we stated in our 14 March 1985 statement to this Subcommittee, the Government of the Marshall Islands fully

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consulted with those Marshallese affected by the U.S. Nuclear Testing Program in the Marshall Islands in respect to negotiation of the Section 177 Agreement. All issues were discussed at length, including the espousal provisions.

If you examine the results of the 7 September 1983 plebiscite on the Compact, you shall see that a 58.5% majority of voters from atolls which had law suits against the United States for damage to property and person as a result of the Nuclear Testing Program approved the Compact, along with the Section 177 Agreement and the espousal provision of the Section 177 Agreement. In this connection please see the attached Exhibit A, which sets forth the plebiscite results for the above referenced atolls.

As we also stated in our 14 March statement to this Subcommittee, we believe that the Section 177 Agreement, when taken as a whole, is a fair and equitable settlement of the claims of the Government and the people of the Marshall Islands in respect to the Nuclear Testing program.

We agreed to Article X and Article XI of the Section 177 Agreement as part of the larger agreement and the entering into a new relationship with the United States as a sovereign self-governing nation.

Before the Compact or any of its subsidary agreements were approved by my Government, they were examined by our Attorney-General and Legislative Counsel who determined that our Government had the authority to enter into them under the Constitution of the Republic of the Marshall Islands. Our Government did not request, nor receive, advice from the Government of the United States in this regard.

The indemnification provisions of Article XI of the Section 177 Agreement would come into play, if the Government, the citizens or the nationals of the Marshall Islands were successful in obtaining a judgment against the United States, its agents, employees, contractors, citizens or nationals, in respect to claims for loss or damage to person or property resulting from the U.S. Nuclear Testing Program conducted in the Marshall Islands. In such an event, the aggregate amount of such indemnification would not exceed $150 million.

5. Question:

Currently, airline service to Enewetak is both irregular and very expensive. What plans does your government have to resume regular service to Enewetak?

Has your government given any thought to providing service to Enewetak with a smaller plane than that currently in use so that

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fares can be reduced and the airline can maintain a regular schedule?

Answer:

The Airline of the Marshall Islands is currently providing service to Enewetak once every two weeks with a HS 748 on a schedule which is published in the local news paper, broadcasted over the local radio station and posted at the office of the airline. Currently, the tariff to Enewetak is the lowest per mile rate within the domestic route structure. This rate is $.33 per passenger mile as compared to $.40 per passenger mile on other routes.

Our smaller 22-Nomad cannot make the flight to Enewetak. If it could, the tariff would be higher, because the cost of operation per passenger mile is higher than for the HS 748.

6. Question:

If the compact becomes law, we assume that the government of the Marshall Islands will attempt to put in place programs that will replace those currently administered by the United States. For example, the U.S. currently provides $100,000 a year for the operation of the Wetak II, the boat belonging to the Enewetak people. Does the government of the Marshalls plan to continue the funding after the compact becomes effective?

Answer:

Under Article II, Section 3, of the Section 177 Agreement, the people of Enewetak will have available to them $3,250,000 annually for 15 years from the Republic of the Marshall Islands Nuclear Claims Fund, from which they can dedicate $100,000 annually for the operation and maintenance of the Wetak II. Accordingly, the Government of the Republic of the Marshall Islands does not believe that there will be a need for the national government to subsidize the operation of the Wetak II.

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7. Question:

We understand that not all children of high school age on Enewetak are able to go to high school. What is the procedure at present by which candidates are selected for admission to the public high school in Majuro? How many seats in the high school are set aside for students from Enewetak?

What percentage of the high school age children from Enewetak are enrolled in the public high school in Majuro? What percentage go to private high schools?

Does the government of the Marshalls provide any financial support to the families of the students from Enewetak to permit them to travel back and forth to the public high school in Majuro?

What is the dormitory situation for the students, male and female? Who pays for their room and board?

Answer:

Students gain admission to the public high schools at Majuro and Jaluit by demonstrating proficiency in the content of the elementary curriculum. They are selected on the criterion of their performance on a battery of admission tests administered in the final weeks of the eight grade. In recent years, the test battery has consisted of examinations in English reading comprehension, mathematics (largely computational skills), science knowledge, and social studies knowledge. In 1985, the test battery has been expanded to include an evaluation of skills in Marshallese Language Arts. In the spring of 1984, 391 of the 774 eight grade students tested, or 50.5%, were admitted to the public high schools. All eighth grade students in the nation were ranked by test score with the English score weighted as 45% of the total score, the mathematics score weighted as 35%, and the science and social studies scores weighted as 10% apiece. Students with the highest scores were admitted to the schools. The Ministry of Education makes an exception to this standard of merit in the case of atolls where no one earns an acceptable score. By this provision, the student with the highest test score from an atoll is accepted. In 1984, individual students from Enewetak and two other sparsely populated atolls were admitted to Marshall Islands High School by this exception to the admission standard. Only one position is reserved for students from each atoll, including Enewetak. Additional positions must be earned by merit. (In the Spring of 1983, five of the twenty-two eight grade students tested at the Enewetak and Ujelang schools passed the battery of admission tests. In the spring of 1984, none of the twelve eighth graders at these schools passed the battery.)

It is difficult to establish with precision the number of Enewetak children of high school age, as attrition occurs in the elementary schools and some students repeat the eighth grade. An analysis of enrollments of previous years indicates that approximately 65 children who attended school at Enewetak and Ujelang would now be of high school age. Of these 65 youths, five, or 7.7%, now attend Marshall Islands High School. In addition, nine attend private high schools in Majuro.

Since 1974, the Government has not absorbed the costs of transporting student to the high schools from their off-island homes. Transportation costs have become the responsibility of the students and their parents. (Both the Airline of the Marshall Islands and Air Micronesia offer discount student fares.)

The Marshalls Christian High School, a private church-affiliated institution, is the only secondary school on Majuro atoll currently operating boarding facilities. During 1984-1985 school year, the girls dormitory at the public high school, Marshall Islands High School, is being renovated as a practicum project by students using Special Operations and Maintenance funding that became available to the school in the Spring of 1984. The girls dormitory will be reopened in September 1985. Marshall Islands High School does not have a boys dormitory. However, in the Education section of the national five-year plan, the Ministry of Education has described a boys dormitory at the school that will house one hundred students as a high priority capital improvement project. Construction of the boys dormitory will begin in the first year that Compact funding becomes available. Students from remote localities will be allowed to reside in the dormitories without cost. Meals, also, are provided without cost. They are funded by the USDA Hot Lunch program and appropriation of the Nitijela. In the current year, when there have not been students residing on campus, breakfasts and noon meals have been served on school days.

8. Question:

What in general is the condition of the Airline of the Marshall Islands? Are there any planes flying at this time? How many?

How many planes does your government have altogether? What size

How much money is owed to date on the planes you have bought?

When your planes are down, how do you provide emergency evacuation from your outer islands when there is an emergency health situation?

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Do you see any improvement in your airline service sometime in the near future? What steps is your government taking to improve service in general to the outer islands?

How many outer islands are there? How many have landing strips at this point?

Answer:

The Airline of the Marshall Islands has 3 aircraft of which 2 are operational. They are: one British Aerospace HS 748 which is 2 years old, has a capacity of 48 passengers, and is in excellent condition; one N-22 Nomad which is 5 years old, has a capacity of 12 passengers, and is in air worthy condition; one N-24 Nomad which is 5 years old, has a capacity of 16 passengers, but is not operational. We are seeking to replace the Nomads, because they are too costly to maintain in an air worthy condition.

The outstanding principal owed in respect to the aircraft is approximately $7.4 million.

If the planes are down, and we have a medical emergency on an outer island, we will provide emergency evacuation from the outer islands with the field trip ships, which is the method used during the Trust Territory administration.

The Government is currently negotiating for the purchase of two 20 passenger aircraft to provide better air service to the outer islands.

There are 24 outer island communities and 23 of them have airports. The only community without at least one airport is Ebon. An airport will be constructed on Ebon when the people of Ebon designate the site.

9. Question:

Article II, Section 1, of the Section 177 Agreement states that the Marshalls government will receive $2 million a year for 15 years to obtain technical assistance from the U.S. to assist it to include in its health care system the programs and services contemplated in U.S. Public Laws 95-134 and 96-205. Is it your understanding that these funds will be used exclusively to obtain such technical assistance or that these funds can be used for other purposes?

Answer:

The $2 million which will be provided to the Government of the Republic of the Marshall Islands annually for 15 years pursuant to Article II, Section 1, for the Section 177 Agreement, can only be used to obtain technical assistance from the United States to

assist the Government of the Republic of the Marshall Islands include in its health-care system, health-care programs and services related to the consequences of the Nuclear Testing Program and contemplated in United States Public Law 95-134 and United States Public Law 96-205 pursuant to Article II, Section 1, of the Section 177 Agreement.

10. Question:

On March 13 the Bikini people and the U.S. government agreed to settle the litigation brought by the Bikini people last year seeking to force the United States to clean up Bikini Atoll. What role, if any, do you see the Marshalls government playing in the cleanup of Bikini?

Answer:

The Government of the Republic of the Marshall Islands shall, as appropriate, participate in the planning, implementation and regulation of the clean-up of Bikini Atoll in consultation with the people of Bikini.

11. Question:

What role, if any, do you see for individual Marshallese population groups, such as the people of Bikini, Enewetak, Rongelap and Utirik, to play with respect to Congress after the Compact goes into effect? Will there be any change regarding the ability of these population groups to appear before Congress to request appropriations or testify on other matters?

Answer:

How the United States Congress conducts its affairs is not a subject on which the Government of the Republic of the Marshall Islands wishes to comment. The Government of the Republic of the Marshall Islands does not want to be seen as interfering in the internal operation of the Government of the United States. We shall respect the sovereignty of the Government of the United States, and expect no less in return.

12. Question:

We understand that the Marshall Islands Nitijela passed a resolution last week requesting the cabinet of the Marshalls Government to take measures to restore Ejit Islands to its proper land owners. Is it your understanding that Ejit, where some 200 Bikini people live, is public land or privately owned? Do you intend to take the measures asked for in this resolution or do you intend to take the position, as taken by the Trust Territory government, that Ejit Islands is public land and should remain that way?

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Answer:

Although there are Trust Territory public land inventory lists which include Ejit, it appears from our review of a preliminary opinion prepared by the Office of the Attorney General of the Trust Territory Government that additional research must be done before it can be determined whether Ejit is public land. According to this opinion, the traditional land owners may have a colorable claim.

We are unable to locate any document in which the Trust Territory Government states definitively that Ejit Island is public land and that it should remain that way.

It is the policy of the Government of the Republic of the Marshall Islands to return "public land" to the traditional land owners. The Cabinet to date has taken no action in respect to transferring title to Ejit to those who would claim to be the traditional land owners, nor is the subject currently under review.

13. Question:

In a January 19, 1985, letter to Chairman Seiberling, President Kabua called on the Congress to consider continuing under the compact the Historic Preservation Program as funded by the National Park Service.

In 1982, Congress enacted P. L. 97-357 which contained a section (205) that allowed the Secretary of the Interior through the National Park Service (NPS) to conduct, upon the request of a Micronesian government, a comprehensive inventory and study of the most unique and significant natural, historical, cultural and recreational resources of the Trust Territory of the Pacific Islands.

I note that the Marshalls government never requested assistance from the NPS under this particular law. Do you have any idea why your government did not seek help under this law for that which needs to be historically preserved in the Marshall Islands, yet now asks for the historic preservation program under the compact?

Could you explain why this is.

Does your government still intend to seek help under the existing law?

Answer:

Public Law 97-357 only provides for the identification of

historical sites. It does not provide assistance in the areas of public education, program administration and development, stabilization of historical building, and technical assistance. Our Government has requested and received from the National Park Service such assistance, and assistance with the documentation of property, through Historic Preservation Fund grants-in-aid. Additional assistance in identifying historical sites has not been required by our Government or, we understand, the other Micronesian governments. Such assistance may be needed once our historic preservation programs become more firmly established. At present, continuation of eligibility for grants-in-aid from the Historic Preservation Fund will provide us with access to the full range of services that are required to put together a functioning historic preservation program. This is why we requested continuation of the historic preservation program during the Compact period.

14. Question:

Let's suppose for a moment that the compact, for some reason, is not yet law by October 1, 1985.

What problems would that present for your government?

How do you think those problems should be addressed both by your government and the U.S. government?

Answer:

First, we would like to state that we fully anticipate that the United States will honor its commitments to the people of the Marshall Islands and approve the Compact for implementation by 1 October 1985.

If the Compact is not fully implemented by 1 October 1985, we believe there can be serious political, social, and financial problems for the Marshall Islands and serious political problems for the United States.

The entire Pacific Basin is watching to see if the United States will honor its Trusteeship commitments and permit the people of Micronesia to govern themselves. If the United States fails to approve the Compact, we believe that the credibility to the United States in the Pacific Basin will be severely damaged. This in turn would impact negatively on the security interest of the United States in the Pacific, as well as in the Marshall Islands.

We would attempt to address any resulting financial problems by reducing government expenditure through austerity measures, although this would result in a period of extreme hardship for the people of the Marshall Islands. We would also seek assistance

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from external sources, including the United States.

As resulting social problems arise, we shall deal with them on a case-by-case basis, as our resources permit. It is not now possible to predict what the exact nature and extent of the resulting social problems will be.

My Government would attempt to address the resulting political problems through constructive dialog with the United States and the United Nations. However, if the Compact is not approved by 1 October 1985, it is likely that the people of the Marshall Islands will feel that their trust in the United States and the negotiating process has been betrayed. It has taken 15 years of arduous negotiations to conclude the Compact. With the approval of the Compact in September of 1983 by the people of the Marshall Islands, we have done our part. We fully expect the United States to honor its commitments and approve the Compact without further delay. The people of the Marshall Islands are a patient and peace loving people. However, they are determined to be free.

The United States Government could help us in addressing these problems by being receptive to our requests for assistance, and by recognizing our sovereign right to be free and self-governing.

15. Question:

Article VII of the compact's 177 agreement says that the Marshall Islands government "shall have and exercise responsibility for controlling the utilization of areas in the Marshall Islands affected by the nuclear testing program." Does this mean that the Marshall Islands government has the ultimate say over what happens to places like Bikini Atoll, or does this simply affirm the authority and responsibility of the government of the Marshall Islands recognized elsewhere in the compact and deriving from the constitution of the Marshall Islands?

Answers:

The language of Article VII of the Section 177 quoted above provides that in accordance with its constitutional processes, the Government of the Republic of the Marshall Islands shall exercise responsibility for, controlling the utilization of areas in the Marshall Islands affected by the Nuclear Testing Program. This would include, inter alia the designation of areas unsafe for human habitation.

16. Question:

Does the Marshall Islands government intend to take affirmative actions in U.S. courts to seek to dismiss lawsuits under the

espousal provision of the Section 177 agreement?

Answer:

It is not clear what is meant by "affirmative actions". We anticipate that the Government of the United States and any other defendants will move to dismiss any lawsuits filed in U.S. courts in respect to claims covered by the espousal clause of the Secion 177 Agreement. In this regard, we would assist as deemed appropriate on a case by case basis.

17. Question:

Please spell out for the subcommittee how much money is in the Marshall Islands five-year development plan for economic development in Jaluit Atoll. Identify monies and give page references in plan.

Answer:

For the answer to question 17 see the Government's response to the statement of Senator Konou to the Subcommittee on Public Lands.

18. Question:

Please comment on what the Rongelap witness said at the hearing of March 14, that is, that the Rongelap people told your government that the $3.2 million in your budget request was totally inadequate to their needs, that they needed much more money.

Answer:

In early January, President Kabua invited several islands groups, including Rongelap, to meet together to discuss the various needs of each group for the purpose of incorporating their requests into a single, comprehensive government budget request to the U.S. Congress. In a 17 January 1985 letter to Senator Anjain of Rongelap, President Kabua specifically requested input in regards to the assistance needs of the Rongelapese relating to their impending move from Rongelap and resettlement on Ebadon. Subsequent to these invitations, several meetings were held, with ample opportunity for the various groups to present their requests. Unfortunately, the Rongelap group chose not to participate, and consequently did not present to the Government any information to be incorporated in the Government's budget request.

As a result the Government developed a program budget to account for the likely needs of the Rongelapese in their move. This plan was prepared by the Administrator of the Capital

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Improvement Projects Division of the Marshall Islands Development Authority. The plan includes provisions for 56 permanent cement houses, individual water catchments of sufficient storage capacity, sanitary facilities, a dispensary, a school, airport upgrading, photovoltaic lighting system, and an agricultural planting program. Government transportation services will be made available to assist in the shipment of materials and transport of persons.

19. Question:

At the May 8, 1984 hearing on Section 177, Mr. Berg of OMSN staff told our subcommittee that OMSN was working out an agreement with the RMI government to cover all audit functions under the compact and that it should be "completed within the next month or two." To date, we have not received a copy although we requested one in a February 4, 1985 letter to Mr. Zeder. Can you provide us with a copy of this document?

Answer:

An agreement covering audits provided for under the Compact is to be incorporated into a larger fiscal procedures agreement. Although we have yet to conclude such a fiscal procedures agreement with the United States, we intend to do so during the next two months when Mr. Berg will have an opportunity to come to Majuro and meet with our finance and audit personnel. Since the May 1984 hearing, the Government of the Republic of the Marshall Islands has repeatedly requested such a trip.

If the Subcommittee has any further questions or would like additional comments to the above questions, please contact Chief Secretary Oscar de Brum.

EXHIBIT A

PLEBISCITE RESULTS FOR THOSE ATOLLS WITHIN THE REPUBLIC OF THE MARSHALL ISLANDS WHICH HAVE FILED CLAIMS IN UNITED STATES COURT AGAINST THE UNITED STATES FOR LOSS AND DAMAGE TO PERSON AND PROPERTY AS A RESULT OF THE U.S. NUCLEAR TESTING PROGRAM

ATOLL	YES VOTES	NO VOTES	PERCENT APPROVAL
Ailuk	237	93	72
Enewetak/Ujelang	185	63	75
Bikini/Kili	65	241	21
Lae	103	36	74
Maloelap	255	184	58
Mejit	210	47	82
Rongelap	16	95	14
Ujae	110	25	81
Utrik	145	56	72
Wotho	44	16	73
Wotje	127	206	38
TOTAL	1497	1062	58.5

Note: The overall approval rate of the Compact in the Marshall Islands was 58%.

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RESPONSE BY THE HONORABLE CHIEF SECRETARY OSCAR DE BRUM,
GOVERNMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS,
TO THE 7 MARCH 1985 STATEMENT OF
THE HONORABLE DELEGATE FOFO I. F. SUNIA
BEFORE THE SUBCOMMITTEE ON PUBLIC LANDS AND NATIONAL PARKS,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
UNITED STATES HOUSE OF REPRESENTATIVES

Mr. Chairman and distinguished members of the Subcommittee on Public Lands, you have asked that we respond to the 7 March 1985 statement of Delegate Fofo Sunia before the Subcommittee on Public Lands. Our comments for the record are set forth below.

It was stated that the United States should bestow on the flag territories the financial and economic benefits negotiated by the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (Marshall Islands) under the Compact of Free Association (Compact) concluded with the United States. In support of this position, it was maintained that the FSM and Marshall Islands are not part of the American family and that the flag territories are; accordingly, the flag territories should at least receive the economic benefits the FSM and Marshall Islands negotiated under the Compact. No mention was made as to accepting the responsibilities of free association along with the benefits.

We do not take a position as to whether the financial and economic benefits of the Compact should be extend to the flag territories. However, as will be explained below, we do not believe that the Compact provides to the freely associated states any financial and economic benefits that the territories do not already enjoy.

Furthermore, we would take exception to comments made regarding membership of Marshall Islands in the American family. President Reagan himself stated the view that we consider accurate in his address to the people of the Marshall Islands in September of 1983: "Under the Trusteeship, we have come to know and respect you as members of our American family, and now as happens to all families, members grow up and leave home. I want you to know that we wish you all the best as you assume full responsibility for your domestic affairs and foreign relations, as you chart your own course for economic development, and as you take up your new status in the world as a sovereign nation. But you will always be family to us."

Mr. Chairman, there were five areas of the Compact that were

discussed in Mr. Sunia's statement. They included: environmental protection; program assistance; grant assistance; trade provisions; and taxation provisions. Our comments regarding those issues raised are set forth below.

Environmental Protection.

It was stated that the Compact permits "a less stringent application of environmental protection" in the freely associated states than in the flag territories, yet the freely associated states may bring civil suit against the United States for violation of environmental protection as if they were United States citizens.

This is not true. Under the Compact, the freely associated states agree to develop and enforce standards and procedures to protect their environments substantially similar to the standards required under the following United States laws:

1. the Endangered Species Act;

2. the Clean Air Act;

3. the Clean Water Act;

4. the Ocean Dumping Act;

5. the Toxic Substances Control Act; and

6. the Resources Conservation Recovery Act.

Under Article VI of Title One of the Compact, this commitment is a mutual and reciprocal obligation of the United States to comply with the same environmental standards in respect to its activities in the freely associated states.

If the freely associated states were to enact less stringent standards, or if they did not enforce the agreed standards, the freely associated states would not have the right to go into United States courts and enforce compliance with such environmental standards against the United States.

We note that the Repubic of the Marshall Islands does now have, and intends to enforce, stringent environmental protection laws. One of the goals of the Marshall Islands development plan is to "preserve the nation's cultural and environmental heritage for the benefit of present and future generations". Maintaining the nation's cultural heritage is important in building up a national identity and a sense of national pride. The latter, in turn, is a driving force essential for the development of the economy. The preservation of the environment and natural beauty is important for economic and social development.

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We note also that it was the freely associated states, and not the United States, that insisted on the inclusion of provisions in the Compact to ensure the protection of the environment of the freely associated states. And we intend to see that our environment is well protected.

Program Assistance

In one statement it was questioned whether citizens of the territories will be "as lucky" as the citizens of the freely associated states in respect to program assistance. In fact, territorial citizens receive far more.

Under Section 221(a) of the Compact, the freely associated states will receive services from the following United States agencies and programs at levels equivalent to those available to the Trust Territory of the Pacific Islands (TTPI) in the year preceeding the effective date of the Compact:

1. the United States Weather Service;

2. the United States Federal Emergency Management Agency;

3. the Postal Reorganization Act;

4. of United States Federal Aviation Administration; and

5. the United States Civil Aeronautics Board, or its successor.

The United States and the FSM and Marshall Islands included these programs in the Compact because they believed they were essential to the development of the FSM and Marshall Islands. Furthermore, the parties believed that it would be very costly for the FSM and Marshall Islands to duplicate these services, although it would not be expensive for the United States to extend them to the FSM and Marshall Islands. We understand from members of the U.S. Administration that the United States provides the sames services and more from the above listed agencies and programs to territories without the funding limitation set forth in Section 221.

Under Section 221(b) of the Compact Marshall Islands shall receive $3.0 million annually (without adjustment for inflation) during the initial 15 year term of the Compact to provide for the special needs of its people, particularly in the fields of education and health care. This block grant is intended to, in part, replace Federal programs that will be terminated upon the effective date of the Compact. The funding levels for such Federal programs administered in Marshall Islands between 1981 and 1984 averaged $7.8 million annually. Estimates for 1985

anticipate a funding level of approximately $8.2 million.

We doubt that citizens of the territories would consider themselves "lucky", as was suggested, if they were asked to undergo such a cut in funding for Federal programs. The U.S. Administration sources inform us that in Fiscal year 1984 American Samoa received $13.5 million in Federal programs, and in 1985 American Samoa will receive an estimated $12.1 million in Federal grants and in 1986 an estimated $13.0 million. With a population of 32,000, American Samoa shall receive $430 per capita in Federal grants in 1986. With a population of 35,000 the Republic of the Marshall Islands shall only receive $86 per capita from the $3.0 million block grant provided under Section 221(b) of the Compact.

Under Section 221(c) of the Compact the United States will make available to the FSM and Marshall Islands alternate energy projects, studies and conservation measures as are applicable to the TTPI for the purposes and duration provided by the laws of the United States. As with the Federal programs listed under Section 221(a) we understand from Administration sources that the territories are eligible for a broader range of energy programs.

Under Section 223 of the Compact, citizens of the FSM and Marshall Islands who are now receiving post-secondary educational assistance from the United States will continue to be eligible for such assistance for a maximum of 4 years. As these grants are phased out over the first four years of the Compact, Marshall Islands students will compete for the $797,400 available under Section 216(a)(3) annually (without inflation) for post-secondary scholarship. Currently students from the Marshall Islands receive approximately $2.49 million annually in scholarship grants according to estimates made by members of the United States Administeration. Again, we doubt that the citizens of the territories would consider themselves lucky to receive such a reduction in post-secondary scholarships from the United States.

In this connection we note that the Reagan administration has proposed the elimination of a $3.0 million land grant to the only post-secondary school in the FSM and Marshall Islands, the Community College of Micronesian. We do not consider this "lucky".

Grant Assistance

If the Compact is implemented by 1 October 1985, the Republic of the Marshall Islands shall have $13.4 million for general governmental operations. It is hoped that such assistance combined with locally generated revenues, will ensure that the freely associated states will be able to provide to their communities the services and programs they need to become more self reliant.

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In comparison, Administration sources estimate American Samoa will receive $20.8 million in operations for the same period. On a per capita basis American Samoa will receive $649 in operation funds compared to $383 per capita for the Marshall Islands. Furthermore, with a higher mean family income base (i.e., $9,479 for American Samoa versus $1,926 in the Trust Territory) American Samoa can raise far more in local revenues than can the Marshall Islands ($18.7 million versus $10.2 million in 1984) with less strain on the local economy.

Trade

It was asked what will protect the flag territories if lower wages and Headnote 3(a) induce companies, industries and businesses now resident in the flag territories to move to the FSM and Marshall Islands. This is a phantom issue.

We in the Marshall Islands and the FSM are far behind the territories in respect to infrastructure development, trained manpower, and the standard of living available to our residents. For these reasons we have not in the past attracted, and are in the near future unlikely to attract, business from the territories. Furthermore, we have resident worker protection laws, foreign investment laws, environmental laws and other laws which impose significant burdens on doing business.

As Congressman Seiberling correctly pointed out at the hearing held 14 March 1985 by the Public Lands Subcommittee, the real issue surrounding General Headnote 3(a) is the employment of third country nationals in the flag territories or the freely associated states at low wages and then having goods they manufacture come into the United States duty free. This abuse of Headnote 3(a) has occurred in the flag territories. One solution that has been suggested by others is a simple one. Amend General Headnote 3(a), or the regulations promulgated in respect to General Headnote 3(a), to establish reasonable limitations on the participation by third country nationals in business activities which can take advantage of General Headnote 3(a). This does not require amendment or modification of the Compact resolution or the Compact itself.

Tax Provisions

It was noted that under Section 235 of the Compact, the provisions of the United States Internal Revenue Code which applied to the possessions as of 1 January 1980 shall apply to the freely associated states, and that if such provisions are modified or repealed, they will continue to remain in effect as to the freely associated states for two years during which time an agreement can be reached to provide benefits substantively equivalent to those which were available under such provisions.

As was the case in respect to other statements, only the up-side of the Compact's provisions were mentioned. It was not noted that tax incentives enacted for the benefit of the territories after 1 January 1980 will not be applicable to the freely associated states. An example of one such tax incentive is the preference given the possessions in respect to the establishment of Foreign Sales Corporations.

Taken as a whole, Section 255 does not provide the freely associated states with a "better" tax regime than the territories.

If, however, the territories require further tax and trade benefits to compete economically with their neighbors, it is the responsibility of the Congress to provide the territories with such benefits. We believe the greatest competition to the territories will not come from the freely associated states, but it will come from their other neighbors who pay their workers less for one day's work than most workers in the freely associated states earn in one hour.

Conclusion

We believe that it is appropriate for the freely associated states to receive from the United States benefits that are not accorded foreign countries. This would include trade and tax incentives to encourage United States companies to engage in business in the freely associated states. Such activity will promote close ties between the United States and the Pacific Basin, which in turn advances the security interests of the United States as well as the freely associated states.

Mr. Chairman, as we have noted in our 14 March statement to the Subcommittee, we believe the concerns raised by the territories can be addressed without delaying approval of or amending the Compact. Such action would frustrate the legitimate aspirations of the people of the Federated States of Micronesia and the Marshall Islands for the termination of the Trusteeship and self-government.

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RESPONSE BY THE HONORABLE CHIEF SECRETARY OSCAR DE BRUM,
GOVERNMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS,
TO THE 14 MARCH 1985 STATEMENT OF THE
HONORABLE SENATOR EVELYN KONOU
TO THE SUBCOMMITTEE ON PUBLIC LANDS AND NATIONAL PARKS,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
UNITED STATES HOUSE OF REPRESENTATIVES

Mr. Chairman and distinguished members of the Subcommittee on Public Lands, you have asked that the Government of the Republic of the Marshall Islands (Government) respond to all the points Senator Konou made in her 14 March 1985 statement to this Subcommittee. The Government's response for the record is set forth below.

1. Input from the People and Their Elected Representatives to the Plan. It is incorrect to say that the five year plan was constructed with no input from the people or their elected representatives. The views of the people and their representatives were brought into the process of drafting and approving the plan through channels established under the Constitution of the Marshall Islands. There are basically two such channels -- the Ministry of Interior and Outer Island Affairs and the Nitijela.

As shown by Figure 1.1 on page 11 of the plan there is a Local Government Advisor within the government machinery who functions as a link between the national government and the people at the grassroots level as represented by the Mayors and the local government councils in the atolls. This advisor is attached to the Ministry of Interior and Outer Island Affairs, and communicates the needs of people at the local government level to the other government ministries through his own ministry. All problems and development needs of the people can continuously be brought to the attention of the government through this channel. The development plan was prepared in stages over a period of four years from 1981 through 1984 and during this time the needs of the people were made known to the government, through the system of communication described above. These needs were in turn incorporated into the plan through the input from different ministries and departments.

The draft of the plan was submitted to the Nitijela in the middle of November 1984, for discussion, amendment and approval. Hearings on the plan were held by the Nitijela Committee of the Whole for over two weeks. This was an opportunity for the representatives of the people to air their views on the plan and to make desired amendments. The plan was adopted by the Nitijela by resolution on 13 December 1984. Only one out of the thirty-three Senators in the Nitijela voted against the plan and

this Senator was not Senator Konou.

2. Development of Jaluit. "There is little in the plan which we can identify as developing Jaluit." The answer to this allegation depends on how one interprets the word "little." However, judging on the basis of the overall strategy of the plan, the overall resources available and their distribution to other atolls, Jaluit has received more than a "little" share in the plan. A list of the projects identified for Jaluit in the plan is attached.

3. Development in Majuro and Kwajalein for the Benefit of the Outer Islands. "Almost all of the capital account mainly goes for Majuro and Kwajalein. There is very little for the outer islands in the first five years."

This allegation will be seen as unfounded when we look at the reality of the scene of development in the entire Republic of the Marshall Islands. This reality is constituted by several important factors which no worthwhile national development plan can afford to ignore. These are as follows:

(a) One has to be very cautious in making a distinction between Majuro and Kwajalein on the one hand and the other islands on the outer. In reality the distinction becomes very blurred. Majuro consists of about 36% of the total population of the country with another 21% on Kwajalein. The important point to note is that a substantial number of the residents in those two "urban" centers are from the outer islands. There is also a considerable degree of circular migration in the sense that people from outer islands come to the urban centers -- especially Majuro -- for short spells either to earn cash, or to stay with relatives or merely to enjoy the facilities and "bright lights".

(b) One might argue that on the basis of population distribution alone, Majuro and Kwajalein are entitled to a larger share of projects than outer islands. But what is more important is that the mere physical location of projects in Majuro and Kwajalein does not mean that they do not yield benefits to outer islands. In fact some of the major projects located in Majuro do benefit the outer islands. Take for example the power plant. Apart from the fact that this plant supplies electricity to outer islanders living in Majuro, it supplies power to run projects which yield substantial benefits to outer islands. A classic example is Tobolar, the mill which processes copra produced in the outer islands. Similarly projects such as the docks, the sea transport services, the hospital, the schools, the airport, and the administrative machinery of the government are of a national nature which benefit a large number of outer islanders. Majuro is the commercial center of the

entire country without which the outer islands will be unable to obtain their requirements of goods and services, and sell their produce.

(c) The very geography of the country makes outer island development extremely costly. The 29 atolls and 5 islands of the Republic are scattered over a sea area of 750,000 square miles implying great distances among themselves and between them and the capital -- Majuro. The atolls are small in size, have small populations which, in turn, are scattered among small islands within the atolls. Construction of infrastructure projects for development in each of these atolls, such as power plants, harbors, roads, factories, high schools, hospitals and so on is uneconomical in terms of scanty physical resources and small populations and high transport cost. Hence a strategy has to be developed under which the scarce investment funds available under the Compact should be distributed in a manner most productive for the nation as a whole. Nevertheless, it must be noted that the plan has identified substantial funds to provide some of these expensive services to the outer islands. These include the field trip ships to carry provisions to outer islands and to bring back copra to Majuro for processing, the airfields and the aircrafts.

(d) The plan does identify several major programs entirely for the benefit of the outer islands. These include the following:

- coconut industry rehabilitation (pp. 204-207 of the plan)
- outer islands fisheries development (pp. 218-224)
- Tobolar extension (pp. 230-231)
- improvement of inter-atoll and intra-atoll shipping (pp. 351-357)
- outer island airstrips (pp. 366-367)
- outer island communications (pp. 374-382)
- outer island schools (pp. 265-269)
- outer island dispensaries (p. 289)
- outer island social services (pp. 303-317)

(e) The Compact requires the Government of the Marshall Islands to prepare a development plan which would lead to increasing self-reliance. This means that as time goes on

the economy should become self-sustaining. The projects identified for development in the initial five years should be those which are capable of generating incomes which can then be reinvested in the second and third five year periods of the Compact. Given this strategy, certain projects which have long gestation periods and which can easily be constructed with community self-help, such as roads and sealing of roads in Jaluit were postponed for the second and third five year periods of the Compact. It is important to note at this point that a road in Jaluit called nora road was constructed several years ago but this road, unlike the roads constructed in other atolls has not been maintained by the community. The plan assumes that development can be achieved, and that investments made by the Government from Compact money can become productive, only on the basis of community support and participation.

4. Migration to the United States. "I fear that lack of outer island development will encourage young people to move to the United States." As shown above, one of the main strategies in the plan is outer island development. A large number of programs and projects have been identified for this purpose. The fear of large numbers of young people moving to the U.S. is also unrealistic on grounds other than the above. Statistical trends show that movement of people even to Majuro from the outer islands has slowed down in recent years. It must also be noted that due to current scarcity of skilled manpower and the likely increase in the demand for it with increasing economic development, the Marshall Islands is bound to become sufficiently attractive to retain such potential migrants within its shores.

5. Development of the Outer Islands. "Development of atolls other than Majuro and Kwajalein makes sense." There is no disagreement at all on this assertion. In fact, this is one of the basic strategies adopted in the development plan. On the other hand, a report prepared by the U.S. Department of Defense, Office of Economic Adjustment, and recommended to the Government of the Marshall Islands recommends that development projects should be concentrated on the urban center because developing outer islands is expensive and it would be difficult to send urban populations back to the outer islands. The development plan has taken the view that development of both urban centers and outer islands should be undertaken since such development is complementary and necessary for balanced development. A reasonable balance should be struck between urban development and outer island development. This is one of the main objectives of the development plan, i.e., "to bring about increasing equitable development among different atoll groups of the Republic ...."

6. Allocation of Development Funds. "Development of the Marshalls and allocation of Compact funds should be based on people and their respective atolls". As shown in respect to

answer number 2 above, the desired kind of development cannot be achieved purely by allocating funds on a per capita basis. There are projects which are of a national nature and which are expensive. The people keep moving from place to place. Resource distribution varies from atoll to atoll. Due to these and other reasons allocation of funds both according to the nature and potential net benefit of projects and according to population seems desirable. There is provision for the latter in the plan in the sense that local government councils are entitled to certain outright grants from the national government.

7. Term of the Plan. "The Marshalls have submitted only the plan for the first five years ... why is there no plan for 15 years." As indicated in the title page and President Kabua's preface to the plan, the document is the first phase of a 15 year development program. The remaining phase of the Compact period is being covered under the perspective plan currently being prepared. Few countries prepare detailed plans for more than 5 years, simply because of the lack of information for such exercises which require the knowledge of the future. The more common practice is to have rolling plans under which you cover longer planning periods in stages as more knowledge becomes available on changing circumstances.

8. Shortfall. "The development plan has a 'shortfall' what will be cut?" Normally all development plans provide for a reasonable shortfall to show the absorptive capacity of the economy and to have a pipeline of projects in readiness to implement when funds become available. A small shortfall of $35.0 million (for five years) or about 10% percent of the total planned investment, has been built into the plan deliberately for this same reason. The objective is therefore not to cut any projects but to actively search for additional funds to implement all the projects identified in the plan. Possible alternative means of obtaining such funds are identified in the plan and these include economies to be achieved in the recurrent expenditure of the government through austerity and greater efficiency.

9. Development Trust Fund. Due to the reasons stated in the preceeding answers and due to the fact that Jaluit is only one of 24 populated atolls and islands of the Marshall Islands having a population of only 1,875 which is 5.4% of the total population, the setting up of a separate development trust fund for Jaluit, out of Compact grants seems unjustified and unfair by the other atolls. If, however, there is a possibility of the awarding of an extra grant over and above what is already provided for in the Compact, a trust fund seems to be a good idea. Such a grant could then set up a trust fund for the whole of the Marshall Islands and proceeds from it can be distributed to all the atolls on the basis of some criterion accepted by the Nitijela.

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Attachment

Projects Identified in the Five Year Development Plan for Jaluit Atoll

The attached tables indicate projects identified in the five year development plan for Jaluit Atoll. Three types of projects are listed:

Jaluit Projects. These are projects which will be located physically in Jaluit Atoll.

National Projects. These are projects which are of a national nature in the sense that they are supposed to benefit the entire population of the Marshall Islands including those in Jaluit Atoll.

Majuro Projects. These projects are physically located in Majuro Atoll but several of which will be of national benefit. All atolls including Jaluit will benefit from these projects.

JALUIT

Agriculture		
Coconut Aerial Survey	(p. 205)	$ 5,282
Coconut Tree Replantation	(pp.205-06)	26,409
Copra Warehouses	(p. 206)	11,905
Coconut Shell Charcoal	(p. 207)	4,762
Coconut Coir Research	(p. 207)	4,762
Hybrid Coconut Import	(p. 207)	5,952
Sub-Total Agriculture		$ 59,072
Fisheries		
Outer Island Rearing Ponds	(pp.221-22)	$ 9,524
Sub-Total Fisheries		$ 9,524
Total Economic Sector		$ 68,596
Education		
JHS Girls' Dormitory	(p. 271)	$800,000
JHS Staff Housing	(p. 271)	60,000
JHS Office/Library	(p. 271)	100,000
JHS Classroom Renovation and Construction	(p. 272)	250,000
JHS Cafeteria Renovation	(pp.272-73)	50,000
JHS Gymnasium	(p. 272)	500,000
Sub-Total Education		$1,760,000
Total Social Sector		$1,760,000

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Transportation		
-Sea Transportation		
Jaluit Dock	(N.A.)[1]	$1,000,000
Sub-Total		$1,000,000
Total Infrastructure Sector		$1,000,000
Postal Services		
Construction of Postal Faciliites	(p. 486)	$ 12,500
Sub-Total Postal Services		$ 12,500
Total Government Services		$ 12,500
Grand Total All Sectors		$2,841,096

[1]Project description was not available at the time the plan was finalized.

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NATIONAL

Tourism

Tourism Brochure	(p. 247)	$ 45,000
Tourism Office Training	(p. 249)	20,000
Sub-Total Tourism		$ 65,000
Total Economic Sector		$ 65,000

Education

Elementary School Construction/ Renovation	(p. 269)	$3,250,000
Inspection/Maintenance	(p. 270)	80,000
Federal Programs	(p. 275)	12,600,000
Scholarships	(p. 275)	3,987,000
Sub-Total Education		$19,917,000

Health Services

Maternal and Child Health Care Project	(pp.287-88)	$ 490,400
Family Planning Project	(p. 288)	324,300
Alcohol, Drug and Mental Health Project	(p. 288)	100,000
Health Planning Agency Project	(p. 289)	157,800
Preventive Health Services Project	(p. 289)	150,000
Health Education	(p. 290)	85,000
Sub-Total Health Services		$1,307,500

Social Services

A. Community Development Programs	(pp.303-05)	$ 1,725,600
B.a. School Hot Lunch Program	(pp.305-06)	12,795,200
C. Aging Services and Development Programs	(pp.307-08)	2,111,200
D. Housing Programs	(pp.309-10)	2,600,000
E. National Sports and Recreational Programs	(pp.310-12)	188,300
Sub-Total Social Services		$19,420,300

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Cultural Affairs		
Historic Preservation	(pp.327-28)	$ 24,000
Archives	(p. 328)	12,000
Documentation Contract	(pp.328-29)	16,000
Language Commission	(p. 329)	12,000
Historic Preservation Site Identification	(p. 330)	6,000
Resource Protection	(p. 330)	12,000
Office Support	(p. 331)	6,000
deBrum Photographs	(p. 331)	12,000
Sub-Total Cultural Affairs		$40,744,800
Total Social Sector		$40,744,800
Transportation		
-Sea Transportation		
Site Feasibility Study	(p. 355)	$ 60,000
Patrol Boats	(p. 355)	5,000,000
Maritime Scholarships	(p. 355)	500,000
MIMCO	(p. 356)	500,000
Sub-Total Sea Transportation		$ 6,060,000
-Air Transportation		
Flight School	(p. 366)	320,000
AMI Financial Viability	(N.A.)[1]	500,000
Approach Aids	(N.A.)[1]	840,000
Safety Equipment	(N.A.)[1]	500,000
Air Surveillance Equipment	(N.A.)[1]	500,000
Nomad Debt Service	(N.A.)[1]	956,000
BAC 748 Debt Service	(N.A.)[1]	13,371,000
Sub-Total Air Transportation		$17,387,000
Sub-Total Transportation		23,447,000

Telecommunications		
C. ComSat Earth Station Purchase Feasibility Study	(p. 377)	$ 10,000
E. Ship-to-Shore Services Project	(p. 378)	1,300,000
F.c. Air Route Telex Circuit and Honolulu Flight Service Center	(p. 380)	20,000
G. Personnel Training Project	(p. 380)	135,000
Sub-Total Telecommunications		$ 1,465,000
Energy		
Building Retrofit	(p. 396)	$ 210,000
Biogas Farm	(p. 397)	35,000
Sub-Total Energy		$ 245,000
Total Infrastructure Sector		$25,157,000
Local Government		
Marshall Islands Local Leadership Development Program	(p. 181)	93,000
Community Project Assistance Mini-Grants Program	(p. 180)	54,000
Mayors Bi-Annual Conference	(p. 181)	60,000
Local Government Operations Assistance Program	(p. 181)	400,000
Sub-Total Local Government		$ 607,000
Office of Planning and Statistics		
Local Level Planning	(p.435-36)	$ 300,000
Sub-Total Local Government		$ 300,000

[1]Project descriptions were not available at the time the plan was finalized.

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Public Information and Broadcasting		
-Broadcasting		
Audience Surveys/Programs Evaluation	(pp.477-78)	$ 10,000
Collection of Marshallese Folksongs and Contemporary Music	(p. 478)	16,500
Radio Program Development	(N.A.)[1]	16,000
Radio Personnel Training Program Abroad	(N.A.)[1]	79,000
Sub-Total Broadcasting		$ 121,500
-Gazette		
Program Expansion	(N.A.)[1]	$ 45,000
Sub-Total Public Information and Broadcasting		$ 166,500
National Weather Service		
Manpower Training Program	(p. 495)	$ 7,000
Sub-Total National Weather Service		$ 7,000
National Government		
Capitol Building	(pp.497-98)	$ 7,000,000
Debt Service Constitution	(N.A.)[1]	1,083,000
Sub-Total National Government		$ 8,083,000
Nitijela		
Office Space for Senators	(N.A.)[1]	$ 250,000
Library for Nitijela	(N.A.)[1]	100,000
Sub-Total Nitijela		$ 350,000

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Finance		
Computerization Tax and Revenue System	(p. 498)	$ 5,000
Computerization Accounts Recievable Billing of Functions	(p. 498)	10,000
Computerization of Procurement and Inventory System	(p. 498)	15,500
Sub-Total Finance		$ 30,500
Auditor-General		
Audit Training Program	(pp.510-11)	$ 30,000
Sub-Total Auditor-General		$ 30,000
Total Government Services		$ 9,567,000
Grand Total All Sector		$75,533,800

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Agriculture		
Coconut Aerial Survey	(p. 205)	$ 10,000
Coconut Tree Replantation	(pp.205-06)	50,000
Copra Warehouses	(p. 206)	11,905
Coconut Shell Charcoal	(p. 207)	4,762
Coconut Coir Research	(p. 207)	4,762
Hybrid Coconut Import	(p. 207)	5,952
Farmers Market Expansion	(p. 209)	100,000
Feed Mill	(p. 210)	300,000
Expansion of Piggery	(p. 210)	150,000
Hatchery	(p. 210)	100,000
Goat Project	(p. 211)	50,000
Sub-Total Agriculture		$ 787,381
Forestry		
Fuel Wood Research	(p. 208)	$ 6,667
Sub-Total Forestry		$ 6,667
Fisheries		
Reactivation of Old Co-op	(p. 221)	$ 64,000
Foreign Fishing Base	(p. 221)	50,000
Deepening Channel	(p. 223)	55,000
Small Boat Basin	(p. 223)	410,000
Sub-Total Fisheries		$ 579,000
Manufacturing		
Tobolar Expansion Project	(pp.230-31)	$ 1,700,000
Sub-Total Manufacturing		$ 1,700,000

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Tourism		
Tourism Office and Tourism Information Centers	(pp.246-47)	$ 25,000
Cultural Center	(pp.247-48)	45,000
Rental Center	(p. 248)	22,000
Ferries	(p. 248)	22,000
Majuro Clean-up	(pp.249-50)	24,000
Sub-Total Tourism		$ 138,000
Total Economic Sector		$ 3,211,048
Education		
Higher Education Facility	(p. 270)	$ 770,000
Central Office Renovation	(p. 270)	25,000
MIHS Boys' Dormitory	(pp.270-71)	325,000
DES/RES Food Centers	(p. 271)	230,000
Education Warehouse	(p. 271)	300,000
MIHS Classrooms	(p. 271)	1,135,000
MIHS Staff Housing	(p. 273)	400,000
MIHS Cafetorium	(p. 274)	1,600,000
Sub-Total Education		$ 4,785,000
Health Services		
Continuing Education Project	(p. 288)	$ 120,700
Sexually Transmitted Disease Control Project	(p. 288)	27,800
Vocational Rehabilitation Services Project	(p. 289)	450,000
Crippled Children Services Project	(p. 289)	241,000
Environmental Protection Project	(p. 290)	136,550
Public Health Services	(N.A.)[1]	100,000
Sub-Total Health Services		$ 1,076,650

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Cultural Affairs		
Office Construction	(p. 327)	$ 78,000
Building Maintenance		8,000
Community Center	(N.A.)[1]	32,000
Sub-Total Cultural Affairs		$ 118,000
Total Social Sector		$ 5,979,650
Transportation		
-Land Transportation		
Improve Majuro Atoll Roads	(p. 338)	$ 141,000
Resealing Majuro Atoll Road	(p. 338)	55,000
Curbs and Gutters, Majuro	(p. 339)	500,000
Improve Drainage System	(p. 339)	1,000,000
Traffic Survey	(p. 340)	95,000
Road Safety Devices	(p. 340)	50,000
Driver Education	(p. 340)	125,000
Vehicle Safety Check	(pp.340-41)	200,000
Street Lights	(p. 341)	350,000
Sub-Total Land Transportation		$ 2,516,000
-Sea Transportation		
Majuro Old Dock	(p. 353)	$ 1,100,000
Majuro Commercial Dock	(p. 354)	1,000,000
Majuro Port CFS	(p. 354)	1,500,000
Transportation and Communications Center	(p. 356)	500,000
Debt Service MIDA Dock	(N.A.)[1]	1,051,000
Sub-Total Sea Transportation		$ 5,151,000
Sub-Total Transportation		$ 7,667,000

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Telecommunications		
A. Majuro Communications Program	(pp.374-75)	$ 4,500,000
Sub-Total Telecommunications		$ 4,500,000
Public Utilities		
Upgrade 4160V Distribution to 13.8KV Service to Rita and Provide Service to Laura	(p. 407)	$ 1,300,000
Laura Lens Well	(p. 408)	3,000,000
Majuro 12-Million Gallon Reservoir	(p. 408)	500,000
Majuro Backflow Preventer	(p. 408)	66,500
Majuro Refuse Incinerator	(p. 408)	200,000
Majuro Water Meters	(p. 408)	48,000
Majuro KWH Meters	(pp.408-09)	130,000
Utility System Upgrade	(N.A.)[1]	200,000
Majuro Sewer	(N.A.)[1]	12,500,000
Debt Service Power Plant	(N.A.)[1]	35,329,000
Sub-Total Public Utilities		$ 53,272,500
Total Infrastructure Sector		$ 65,440,000
Public Safety		
Renovation of Majuro Public Safety Building	(p. 467)	$ 120,000
Construction of Juvenile Reformatory Center in Majuro	(pp.468-69)	65,000
Construction of a new Police Station at Laura	(N.A.)[1]	40,000
Fire Trucks for Majuro and Ebeye	(p. 469)	600,000
Construction of Detention Facility for Female Offenders in Majuro	(N.A.)[1]	35,000
Sub-Total Public Safety		$ 860,900
Total Government Services		$ 860,900
Grand Total All Sectors		$ 75,491,600

[1]Project descriptions were not available at the time the plan was finalized.

RESPONSE BY THE HONORABLE CHIEF SECRETARY OSCAR DE BRUM,
GOVERNMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS,
TO THE 14 MARCH 1985 STATEMENT OF
THE HONORABLE SENATOR HERMIOS KIBIN
TO THE SUBCOMMITTEE ON PUBLIC LANDS AND NATIONAL PARKS,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
UNITED STATES HOUSE OF REPRESENTATIVES

Mr. Chairman and distinguished members of this Subcommittee, for the record the Government of the Republic of the Marshall Islands would like to respond to certain statements made and issues raised by Senator Kibin at the above referenced hearing.

Improvements on Kwajalein Atoll

Allegations have been made that conditions on Ebeye have not improved. These allegations are not supported by the facts, although additional improvement in the quality of life of the people of Kwajalein as well as the entire Marshall Islands is needed.

As Kwajalein Atoll Local Government Mayor Alvin Jacklick pointed out in his 25 February 1985 statement before the House Subcommittee on Public Lands, significant improvements have been made in Kwajalein Atoll. These improvements are the result of several projects funded by the United States under the Interim Use Agreements, the Capital Improvement Projects program, and grants from the Environmental Protection Agency. We greatly appreciate this assistance.

Those projects contracted for by the Government of the Marshall Islands in consultation with the Kwajalein leadership include: establishment of a commercial banking facility; rehabilitation and maintenance of the sewer treatment plant and the salt water flushing system; repair and upgrade of the fresh water system; upgrade of the power plant, with the repair and purchase of generators and the purchase of new switchgear providing 3,000 kilowatts of available power; renovation and maintenance of the hospital; construction of a 80,000 square foot container yard and 18,000 square foot warehouse with freeze, chill and dehumidified facilities; and paving of the main circumferal road.

Those projects initiated by the Kwajalein Atoll Development Authority (KADA) with the assistance of the national government include: tree planting to construct a wind break; construction of 12 classrooms for the Ebeye headstart program; construction of an office building for KADA; waterproofing the roof of the community services and shelter building; renovation of existing water tanks and gutters on public housing; painting of water tanks and pumping facilities; purchase of a fire hose and fittings for the

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use of a temporary fire pump until the arrival of a fire truck scheduled for later this year; and construction of a new power plant and desalination plant to alleviate the shortage of potable water.

The Government of the Marshall Islands is also taking steps to improve the health services available on Kwajalein Atoll, as well as on other outer islands, through a training program for outer island health aids and by contracting for private management of the Government's health service activities with a U.S. firm. One of the goals of the new management contract is improvement in the ordering and stocking of medicines.

Participation by the Kwajalein Community in the Status Negotiations and Relations with the Kwajalein Missile Range

It is alleged that the U.S. refuses to deal with the people of Kwajalein directly.

Although the status negotiations were conducted on a government to government basis, the Government of the Republic of the Marshall Islands included representatives of the Kwajalein landowners in delegation during negotiations of the military use agreement. As result of such participation, the military use agreement was modified in the fall of 1982. Such amendments were specifically agreed to by the Kwajalein land owners in the Republic's land use agreement with the Kwajalein Atoll Corporation (KAC) and the related implementation agreements with both the KAC and the Ten-Ten group (the independent landowners). Copies of these agreements have been provided to the Subcommittee.

Furthermore, we note that pursuant to the terms of the most recent interim use agreement, and the Compact military use rights agreement, there now exists a Community Relations Council where by representatives from the Kwajalein community and the Governments of the United States and the Marshall Islands can meet and discuss issues of mutual concern regarding relations between the Kwajalein community and the missile range and recommend appropriate action.

Kwajalein Land Use Payments and Development Funds

As we said in our written statment to this Committee on 14 March 1985, the moneys my Government will receive under the Compact in respect to the use and development of Kwajalein Atoll will be paid to the Kwajalein land owners and the Kwajalein Atoll Development Authority as set forth in the above mentioned land use agreement and implementation agreements. These sums include $2.84 million per year for the first fifteen years and $1.9 million per year for the second 15 years for Kwajalein Atoll development projects, and $6.16 million per year for the first 15

years, $2.5 million in year 16 as an option payment, and $7.1 million per year for the second 15 years for land use payments. These agreements were negotiated in the Fall of 1982 and cover interim use payments between 1982 and 1985 as well as Compact funds.

To date, our Government has honored these agreements to the letter, and not a penny of the funds has been diverted to other purposes. Both of the contesting landowner groups (the KAC and the Ten-Ten) have received the money due them. We intend to continue this practice. Allegations to the contrary are without basis in fact.

Furthermore, our Government intends to protect the interest of all the Kwajalein Atoll landowners and not permit one group to control funds belonging to the other as has been attempted by the KAC in respect to Ten-Ten funds. Our national government is not opposed to the interest of the Kwajalein people as was alleged, but instead seeks to protect the interest of all the people of Kwajalein, include those of the KAC as well as the Ten-Ten.

In connection with the allocation of Compact funds for Kwajalein Atoll, we note also that during the negotiations that occurred in the Fall of 1982 with the KAC, the Government's attorney suggested to the lead KAC attorney that the allocation of Compact funds for Kwajalein land use payments and development projects be set forth in an agreed minute to be attached to the Compact. In fact such an agreed minute had been prepared by United States and Marshall Islands negotiators. The suggested use of an agreed minute was rejected by the KAC attorney. At that time, the KAC attorney stated that what he wanted was an agreement with the Government which could be recorded with and enforceable by the courts of the Marshall Islands.

It has been alleged that because of financial pressures, my Government will use Kwajalein funds to meet it debt obligations. Under the laws of the Marshall Islands this is not possible. The Kwajalein funds are maintained in a separate trust fund. Furthermore, the Government has taken aggressive measures to improve its financial position as evidenced not only by the remarks contained in the Governments 14 March statment to this Subcommittee, but by the 14 March oral remarks of Secretary Montoya as well.

Kwajalein Atoll Development Authority

Allegations that legislation to create the Kwajalein Atoll Development Authority (KADA) was passed without regard for the wishes of the Kwajalein people is not correct. Government and KADA attorneys spent long hours preparing compromise legislation which was further modified during floor debate in the Nitijela before it was unanimously approved by the Nitijela. Under the

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legislation as passed, the control over decision making process rests with Kwajalein people, with appropriate supervision by the national government to ensure that the development funds are spent appropriately. The Marshall Islands Journel, an independent paper, reported that Kwajalein leaders say they can live with the legislation and are happy that the legislative process is over.

Kwajalein Atoll Development Authority Shortfall

The development plan shows a shortfall of funds for KADA during the plan period 1985 through 1989. The extent of this shortfall is $86.5 million. The responsibility ior funding the necessary resources to meet this shortfall is entirely with KADA rather than with the national government of the Republic of the Marshall Islands. It was with this specific understanding that the entire KADA development program, including the shortfall incorporated in the development plan, was approved by the Nitijela in December of 1984. The Nitijela during its hearings on the development plan decided that a categorical statement should be included in the plan to the effect that the implementation of the KADA program will be conditional upon KADA finding its own funds. If KADA fails to find all the resources needed to implement its entire program as shown in the plan, only those projects for which funds are available would be implemented.

It is important to note the following information concerning the KADA shortfall.

1. The extent of the KADA shortfall would come down from $86.5 million, as given above, to $43.5 million, in the event that KADA's expectation of being paid its full 15-year Compact funding up-front during the first five years were fulfilled. We understand that this expectation grew out of remarks made by members of the Subcommittee on Public Lands at its 9 August 1984 hearing on Kwajalein issues.

2. The responsibility for obtaining financial resources to meet this residual gap is entirely a matter for KADA. The alternative to KADA not being able to get such funds is of course, to prune down the size of its program. In this connection, it must also be noted that the size of the KADA development program as originally planned was only $61.0 million. However, when at this Subcommittee's hearing of 9 August 1985, it was sensed that more funds might be available to KADA from the U.S. Government, the originally planned program was almost doubled to $116.0 million.

RESPONSE BY THE HONORABLE CHIEF SECRETARY OSCAR DE BRUM,
GOVERNMENT OF THE REPUBLIC OF THE MARSHALL ISLANDS,
TO THE 14 MARCH 1985 STATEMENT OF
THE HONORABLE ASSISTANT SECRETARY RICHARD T. MONTOYA
TO THE SUBCOMMITTEE ON PUBLIC LANDS AND NATIONAL PARKS,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
UNITED STATES HOUSE OF REPRESENTATIVES

Mr. Chairman and distinguished members of this Subcommittee, for the record the Government of the Republic of the Marshall Islands would like to respond to certain statements made by Assistant Secretary Montoya at the above reference hearing. Our comments for the record are set forth below.

Tax Provisions of the Compact

Contrary to what Assistant Secretary Montoya stated at the 14 March hearing, the Government of the Republic of the Marshall Islands does not believe that the tax provisions of the Compact can be "amended", without resulting in a material change in the Compact. Furthermore, my Government does not wish to renegotiate the tax provisions of the Compact, nor did I or any of my staff so inform Assistant Secretary Montoya. The tax provisions of the Compact are part of the larger agreement, and cannot be viewed in isolation. We request your assistance in convincing other members of Congress that the Compact should be viewed as a whole and approved without amendment.

Transition Period for the Terminiation of Federal Programs

In his statement of 14 March 1985 Assistant Secretary Montoya stated that since 1979, the Trust Territory of the Pacific Islands has "transferred most of the major governmental responsibilities" to the constitutional governments of Micronesia. In refering to "transitional needs" of the Marshall Islands in respect to the implementation of the Compact, and in specific reference to federal programs, Secretary Montoya states that the Government of the Marshall Islands ..." is in a good position now to begin implementing desirable changes ... and to begin positioning itself to assume administrative responsibilities ...". This statement implies termination of Federal programs currently administered in the Marshall Islands should be effected immediately upon the implementation of the Compact.

Mr. Chairman, it is our Government's belief that a thoughtful and carefully developed scheme to phase-out federal programs in the Marshall Islands is required. Due to the uncertainty over the approval of the Compact by the U.S. Congress, it has been impossible to develop such a phase-out scheme.

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In order for a proper transition to occur, it is necessary that both our governments, including the appropriate U.S. agencies, be involved in the process. At present, although "most of the major governmental responsibilities" have indeed been transferred to our government from the Trust Territory Government, the High Commissioner has not yet devolved the authority to directly manage federal programs administered within the Trust Territory to the constitutional governments. Consequently, we have been unable to directly and cooperatively develop a realistic transition plan with the appropriate U.S. agencies.

In a 9 April 1984 letter to Secretary Montoya, the Intergovernmental Task Force on Federal Programs (IGTF), which includes representatives from the Marshall Islands and the Federated States of Micronesia, proposed to the Department of Interior that meetings be held between the Interagency Group and the IGTF to begin the process of transition planning. According to the Department of Interior, they had no funds to conduct these meetings, and consequently, the meetings have yet to be held.

Annual funding levels for Federal programs administered in the Marshall Islands between 1981 and 1984 averaged $7.8 million. It is anticipated that in fiscal year 1985 federal grant authorization will total $8.2 million. In comparison, the Compact provides for essentially no uncommitted funds, other than the Section 221(b) "Special Block Grant" of $3.0 million annually that may be utilized in replacing funds lost due to Federal program termination upon Compact implementation. It should be noted that Section 211 recurrent account funds total $11.4 million annually, before adjustment for inflation, which is essentially equivalent to current funding levels. Section 216(a)(3) provides a total of $797,400 annually for post-secondary scholarships. The present annual funding level for the same programs is estimated by the United States Administeration to be $2.49 million. Section 221(a) extends certain programs to the Freely Associated States that are presently offered to the Trust Territory. These program authorizations are considered Trust Territory authorizations, and are not currently included in Federal program authorizations to the Marshall Islands. Therefore they are not to be considered when comparing present Federal program authorization levels to available funds in the Compact.

It is the intention of our government to develop and institute programs that will be appropriate and beneficial to us, especially in the areas of health, education and social services. However, a reasonable time frame, such as the proposed three year transition period, is required. To simply modify existing Federal programs, implementing some (as funding provided in Section 221(b) allows), and terminating others, as suggested by Secretary Montoya in his statement, will likely have a

seriously adverse impact socially and economically, especially for those currently receiving services from the various programs.

Effective transition planning must take into account the full range of programs offered within the Marshall Islands, as well as current and evolving needs of both the Republic of the Marshall Islands and the United States. Two examples of effective transition planning (that are currently taking place are described below:

1. The United States Department of Agriculture currently provides $2.0 million in food commodities to the Marshall Islands. These commodities are almost entirely for the food assistance program for nuclear affected groups. Additionally, the Hot lunch Program is funded at the similar level of $2.0 million. Discussions have been initiated on our behalf by the Trust Territory Government suggesting to USDA that funds be provided for an agriculture production development project. These funds would be in lieu of a portion of the value of the commodities, and would decrease the need for imported food. During the period of the program (from three to five years) the assistance level for food commodities would decrease steadily as food production rose. After the transition period when USDA would discontinue their funding, the Marshall Islands would be steadily increasing their food production. Such a program would especially benefit the people receiving food assistance due to relocation. Concurrently with the food production program, the Hot Lunch program would be able to purchase increasing amounts of locally produced food (less than five percent of Hot Lunch expenditure are now spent on local foods), thereby adding to the capital base for subsequent agricultural development. Such a program will reduce the dependance on imports and enhance economic development as well.

2. There is substantial need throughout the Marshall Islands to improve basic water supply capacity and waste disposal facilities. The condition and inadequacy of these basic facilities create a potential for serious public health problems. The U.S. Environmental Protection Agency has recently developed a "Water Supply Initiative" proposal for implementation beginning in fiscal year 1986. This proposed program will assist in significantly expanding water catchment and storage capacity in the Marshalls, alleviating some of the chronic water shortages experienced now, especially in the rural outer islands areas. Additionally, in December of 1984, the Trust Territory Environmental Protection Board approved a Rural Sanitation program for the Marshall Islands. This program calls for

initial funding in fiscal year 1986 of $1.5 million with further funding in subsequent years. Presently, the Marshall Islands does not have the technical and administrative expertise to pick these projects up on our own. The EPA has expressed their desire to continue these efforts into the Compact years. In order to do so, they must be so authorized and appropriated.

The first example above is one of an effective transition program, aimed at increasing the self-reliance and economic development in the Marshall Islands, while phasing out a particular Federal program.

The second example exposes specific environmental and infrastructure development needs that have not been adequately addressed previously (to the extent required under present conditions) by the Trust Territory the EPA has the experience and expertise required for project of such scope.

The $3.0 million provided under Section 221(b) of the Compact will not replace fully the value of the Federal programs currently administered in the Marshall Islands. A thoughtful and carefully planned transition scheme will maximize benefits to the Marshall Islands and the United States, and minimize any negative impact that is likely to occur with an abrupt termination of Federal programs. The transition period will, in a balanced way provide an opportunity to fully evaluate all current Federal programs, and subsequently determine the nature of future programs that need to be developed to replace them.

Due to the uncertainty of Compact approval, the fact that the High Commissioner has not yet transferred full administrative authority of Federal programs to the Marshall Islands, and the fact that transitional planning involving the Marshall Islands and appropriate U.S. Government agencies has not yet begun, it is requested that appropriations be made to continue funding federal programs for a three year transition period. This will allow our government to plan and implement, with the assistance of the appropriate U.S. Government agencies, program services to replace Federal programs.

ADDITIONAL QUESTIONS RELATED TO MARSHALL ISLANDS (WITH RESPONSES)

HEARING OF MARCH 14, 1985

Q: Senator, were you and other Senators associated with "The Voice of the Marshalls," (a group of Marshallese dedicated to forming a closer relationship with the United States), involved in the negotiations? What role, if any, did you or others like Sen. Heine play through the years as the negotiations went on? Were people from Jaluit represented at all on the negotiating team?

A: Since I entered politics in 1978, the minority or opposition never played a significant role in the Marshalls' negotiations. From time to time Kwajalein and radiation-affected people had observers at the negotiations.

From my point of view, Jaluit has never been directly represented on the Marshalls negotiating team. There never was a serious attempt to have unified national negotiating position.

Q: What role did you and other minority members play in the compiling of the Marshalls 5-year economic development plan?
Are there funds for Jaluit Atoll, the atoll you represent, in the 5-year plan? If so, do they represent a resonable proportion of the total amount based on your needs and the size of your population?

A: See my statement of March 14. To elaborate a bit, minority party members played no role in formulating the Marshalls 5-year economic development plan except that the Kwajalein project list was included.

We do not, for example, have seats on the National Planning Committee in proportion to our population. We do not have even one seat.

There are funds for Jaluit in the 5-year plan as it stands. With the exception of Jaluit High School improvements, the projects are small ones which private enterprise or other local initiative could carry out if the proper infrastructure were built. Private businesses will readily set up fisheries, for example, if the dock is built and electricity made reliable.

We do not feel that the funds represent a reasonable proportion of the total capital account based on our needs and population.

We advised the Marshalls government formally on two occasions in early and mid-1983 that Jaluit people and their leaders should actively participate in formulating the development plan.

We believe that the government's support this year of Jaluit development projects is recognition of our legitimate needs. We only wish that we had been consulted earlier.

Q: In a Pacific Daily News article dated July 27, 1984, your colleague, Senator Carl Heine was quoted as saying that he feels free association is just a term and that approval of the compact will actually increase the republic's dependency on the United States . . . especially the Treasury Department and appropriations hearings. '"Who are we kidding"' Heine said. '"The fact of the matter is for 40 years U. S. administrations have conditioned us to depend on the U.S. mentally, socially aand economically." He also said that the Marshalls at the end of the 15 years will have no choice but to renew the compact during that period, making the region even more dependent on U.S. aid.

Do you care to comment on these views? Do you share them?

A: With respect to Jaluit, I feel that if we do not get the kind of infrastructure we have requested, or better yet the development trust fund, Sen. Heine's fears may come true.

Q: Senator, we were informed in January that the Marshall Islands government had only some $68 thousand to spend on outer island health care in 1985. The source of that information was a message from the Marshalls Minister of Health Services Kunar Abner who said in that message: "The health plan for upgrading and improving the outer islands health care delivery system has been processed and approved by the RMI legislative body (Nitijela). However, with our inadequate funds, we could only implement the following program areas:" He then goes on to list a breakdown of how $68,900 will be spent.

At the Feb. 25 oversight hearing we were informed by the witness from the Marshalls that this was incorrect. "In fact, fiscal year 1984 expenditures for the outer island dispensary program were $478,100. The Nitijela appropriated $548,000 for fiscal year 1985, an increase of 14.6 percent."

Do you have any comment on the discrepancy between these figures based on your firsthand knowledge of Nitijela action? Was this money actually appropriated or only authorized?

A: The $548,000 is the actual appropriation for FY 1985. The $68,900 appears to be $1,000 less than the increase over 1984. In other words Minister Abner was apparently explaining what he was planning to do with the increase. Alternatively, $68,900 was all he had left for supplies, equipment, etc.

Attached are copies of a budget worksheet presented to Nitijela, the appropriations bill, and a recent report on the hospital.

I cannot verify the $478,100 expenditure in 1984. At the rate of spending reported as of 8/2/84, $478,100 wou'l not be reached by Dec. 31.

Min. Abner admitted in debate (in Dec. 1984) on the budget that the funds requested for health were inadequate.

I support the proposals of Dr. Gulick to improve outer island health care delivery. It does little good to spend $400,000 in salaries and benefits and very little for basic medicine, equipment, and support.

Evelyn Konou

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REPORT NO. BILCS 910

BUDGET WORKSHEET
REPUBLIC OF THE MARSHALL ISLS.

ORG 2070 OUTER ISLAND DISPENSARY

ACCT TYPE	1985 BUDGET ACTUAL	1986 BUDGET ACTUAL 08/02/84	BASE	DEPARTMENT	CABINET	ASSEMBLY
01010 E SALARIES & WAGES-EXPAT.	0 0	0 0			39,900	
01011 E SALARIES & WAGES-MARSH.	0 0	0 178,116	348,100	350,600	350,600	
01013 E OVERTIME	0 0	0 11			**********	
01015 E PERS. BENEFITS-MARSH.	0 0	0 3,561	7,000	7,500	7,500	
01016 E OTHER PERSONNEL EXPENSE	0 0	0 0	1,000	1,000	**********	
01017 E STANDBY DIFFERENTIAL	0 0	0 0		5,500	5,500	
01018 E NIGHT DIFFERENTIAL	0 0	0 0		10,200	10,200	
02201 E FREIGHT	0 0	0 123	1	7,600	7,600	
02313 E MEDICAL SUPPLIES	0 0	0 30,349	119,000		***30,000.	
02314 E OTHER SUPPLIES/MATERIALS	0 0	0 199	12,300	12,300	7,000	
02317 E AUDIT EXPENSES	0 0	0 0			2,000	
02620 E TRAVEL EXPENSE	0 0	0 1,939	10,200	10,200	25,000	
02630 E EQUIPMENT	0 0	0 0	2,500	4,000	43,900	
FUNDING REQUIREMENT	0 0	0 214,177	498,101	408,700	548,600	0

185

NITIJELA OF THE MARSHALL ISLANDS
XIV CONSTITUTIONAL REGULAR SESSION, 1985

STAND. COM. REPORT NO. 75

RE: SPECIAL REPORT FROM HESA
ON THEIR HOSPITAL VISIT

March 6, 1985

Honorable Atlan Anien
Speaker
Nitijela of the Marshall Islands

Dear Mr. Speaker:

Your Committee on Health, Education and Social Affairs made a survey in the hospital and reports as follows:

On 27 February 1985 the Nitijela Committee on Health, Education and Social Affairs (HESA) visited Amata Kabua Memorial Hospital in Majuro. The Committee was led by Vice Chairman Imaa Jonathan and included members Henry Samuel, Alden Bejang, Newton Nemiua (not a committee member, but very interested), Bremson Tose, and Evelyn Konou. Ironically, Chairman Caleb Bartak was admitted to the hospital on the same day.

Dr. Isao Kisino escorted the Committee. We note that the staff was very cooperative and outspoken. Most of the patients were also very please to talk with committee members.

The visit was prompted by certain problems expressed by the public.

OBSERVATIONS:

The following conditions and facts were noted by the Committee during its tour. The observations are listed in the order of the tour, not by importance. Conclusions and recommendations are presented at the end of this report.

1. The maternity ward is not connected to the emergency generator. When the regular power is off, the entire ward is off. This condition has existed for more than three years.

The toilets do not work properly, the sinks not at all. Medicine cabinets are in bad condition. There are no essential supplies to clean the ward - - such things as pinesol, mops, and brooms.

Only one incubator was working. During the visit the Committee observed that the nurses had to put two newborn babies in one incubator, a practice which should not happen.

We also learned that sandwich bags were being used on newborn baby following surgery to create an artificial waste discharge. This shows resourcefulness, but there was a question of possible infection.

2. The Committee noted that most patients in the Men's Ward are diabetic. The patients complained about the food and lack of medicines and supplies.

The Committee was amazed to learn that only one wheelchair is shared by both Men's and Women's Wards. Unfortunately most of the patients cannot walk because of diabetic complications.

Some patients go without medicine because the hospital is out and they cannot afford to go to the commercial pharmacies in town.

On the day the Committee visited the hospital breakfast consisted of bread, without butter, and tea. Lunch was somewhat more balanced but served at about 1:30.

3. There is no sink in the Women's Ward. A bucket is used to carry water to flush the single toilet. This toilet has had only half a seat since

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October 1984. Patients must often go to their homes to shower and use the toilet.

The floors in the wards looked freshly scrubbed. We hope this is the usual condition and not just for our visit.

4. The Committee visited the treatment room and found almost no medicines and supplies. There were no needles and bandages. Dressings were being improvised. Most medicines and supplies were out since December.

5. The Dental Department is also low on supplies especially needles and materials for making false teeth.

6. The Pharmacy received two weeks' supply of medicines - - missed to Ebeye - - just as we came in. Since December most medicines and supplies were out. According to the storeroom they were not able to order more than two weeks because of the new bidding policy. We were told that nothing more was on order while bids were being circulated. This could leave a gap of about four weeks with more medicines being out.

There seems to be some communication problems between the storeroom and the pharmacy about what drugs are available.

7. The main problem of the laboratory is, again, supplies.

8. The kitchen looks inadequate. The stove is too small and is falling apart.

9. The Polio Ward seems to be better off than other departments in terms of supplies. We believe this is because it has a separate fund for purchasing.

10. There is no toilet paper. There should be toilet paper in the hospital just as there is in the Nitijela and Cabinet.

CONCLUSIONS:

The Committee believes there are certain major issues and problems which ought to be reported to Nitijela.

1. Public complaints about lack of medicines and supplies were confirmed by patients, staff, and our own eyes. Medicines, bandages, and intravenous therapy supplies and drugs have generally been out since December. Sterilized disposable diapers (Pampers) were being used for dressings. Supply shortages cannot be justified by impending move to a new hospital. There should be a thorough investigation to find out why the hospital runs out of essential medicines.

2. We found that most of the toilets and sinks do not work. The buildings need paint. In fact most areas do not look like they belong in a hospital. We all are aware that the new hospital is nearly complete but there are essential needs such as toilets, sinks, wheelchairs, incubators, etc. which must be provided.

3. From what we observed patients are not being served a balance diet. We must assume that patients - - especially the numerous diabetics - - do not heal as quickly as they might with proper food. The kitchen is grossly inadequate and the stoves are falling apart.

4. We believe the above noted conditions are having an adverse effect on staff morale. It must be discouraging to work in the hospital day after day with the frequent shortages of drugs and supplies, and general lack of maintenance.

RECOMMENDATIONS:

1. We believe that most of the problems observed can be solved within a month. We will make another visit to investigate.

2. The ordering system needs to be and can be quickly improved. We recommend that medicines and medical supplies not be put through a lengthy bidding process. Subject to audit, two or three phone or telex quotations would suffice.

3. Subject to audit, the medicine and supplies fund should be controlled entirely by the hospital to speed up the ordering process.

4. An effective inventory system must complement efficient ordering.

5. The hospital administration should immediately institute frequent inspections of the hospital.

6. The administration should report monthly on what corrective steps have been taken.

7. A generator or generators should provide emergency power to the entire hospital.

8. Adequate appliances should be provided for the kitchen.

9. Repairs to the basic sanitary facilities must be made immediately.

10. We think that without correction of the deficiencies noted, the new, higher fees cannot be justified.

Respectfully submitted,

/s/ Caleb Rantak
Caleb Rantak, Chairman

/s/ Musa Jonathan
Musa Jonathan, Vice Chairman

/s/ Evelyn Konou
Evelyn Konou, Member

Alden Bojang, Member

Henry Samuel, Member

Chuji Chutaro, Member

Branson Kase, Member

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NITLIJELA OF THE MARSHALL ISLANDS

6TH CONSTITUTIONAL REGULAR SESSION, 1985 BILL NO. 53
N.D.-1

AN ACT

To provide -

(a) in accordance with the Constitution, Article VIII, and the Transitional Provisions (Conformity with Trusteeship Agreement) Act, Sections 9, 10, 12, and 13, for the issue from the Marshall Islands General Fund and the U.S. Grant General Fund, of a total sum of $44,232,000 to meet expenditure of the Government for the financial year 1985, and to appropriate sums to program areas; and

(b) in accordance with the Constitution, Article VIII, Section 9, for a Contingencies Fund; and

(c) for contingent appropriations of amounts that may be received from overseas in the future; and

(d) for a delegation to approve expenditure under the Constitution, Article VIII, Section 3, within defined limits; and

(e) controls on reprogramming and transfers of funds within appropriation areas; and

(f) an increase in allowances for members of the Council of Iroij and members of the Nitijela excluding members of the Cabinet, Speaker and Vice-Speaker, in accordance with Article III, Section 4 and Article VI, Section 17 of the Constitution, respectively; and for related purposes (a summary of total expenditure, other than contingent appropriations, being set out in Schedule 1).

BE IT ENACTED BY THE NITLIJELA OF THE MARSHALL ISLANDS:

Section 1. Short title and effective date.

This Act may be cited as the Appropriation Act (Financial Year 1985) and shall come into effect on the date on which it becomes law.

Section 2. Interpretation.

In this Act -

"program area" means a program area set-out in Schedule 2, 3, 4 or 5 as indicated by numbering in the first column of that Schedule;

"unanticipated overseas income" means any money, not being loan money that -

(a) becomes available for expenditure from a source outside the Republic of the Marshall Islands at a time when the Nitijela is not meeting; and

(b) has not been specifically included in the budget estimates or supplementary budget estimates for the current financial year, which the Cabinet is satisfied should, in the interests of the Republic of the Marshall Islands, be expended, in whole or in part, before the expenditure could reasonably be authorized by an Appropriation Act or Supplementary Appropriation Act.

Section 3. Appropriations from the Marshall Islands General Fund

The sum of $20,804,000, made up of -

(a) $9,092,000 being public money other than money required by Section 9 of the Transitional Provisions (Conformity with Trusteeship Agreement) Act, to be paid into the United States General Fund; and

(b) $11,712,000 being the amount appropriated out of the United States Grant General Fund by Section 4,

is appropriated and may be withdrawn from the Marshall Islands General Fund and expended pursuant to Article VIII of the Constitution for program areas in accordance with Schedule 2, during the financial year ending 31 December 1985.

Section 4. Appropriation of the U.S. Department of Interior Grant.

(1) Subject to Subsection 2, the amount of $11,712,000 (being the amount of the United States Department of Interior Grant) is appropriated and may be withdrawn from the United States Grant General Fund and expended pursuant to Sections 10, 12 and 13 of the Transitional Provisions (Conformity with Trusteeship Agreement) Act, and Article VIII of the Constitution, for the program area for which it was appropriated by the Congress of the United States, during the financial year ending 31 December 1985.

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(2) In the first instance, the sum appropriated by Subsection (1) shall be paid into the Marshall Islands General Fund, and it may be expended only in accordance with Section 3 and Schedule 2.

Section 5. Appropriation of other U.S. grants.

(1) Subject to Subsection (4), the sum of $7,650,800 (being the total amount of special U.S. agency grants) is appropriated and may be withdrawn from the United States Grant General Fund and expended pursuant to Sections 10, 12 and 13 of the Transitional Provisions (Conformity with Trusteeship Agreement) Act, and Article VIII of the Constitution, for program areas in accordance with Schedule 3, during the financial year ending 31 December 1985.

(2) Subject to Subsection (4), the sum of $9,645,000 (being the mount of the Capital Improvement Program funds) is appropriated and may be withdrawn from the United States Grant General Fund and expended pursuant to Sections 10, 12 and 13 of the Transitional Provisions (Conformity with Trusteeship Agreement) Act, and Article VIII of the Constitution, for program areas in accordance with Schedule 4, during the financial year ending 31 December 1985.

(3) Subject to Subsection (4), the sum of $2,536,200 (being the amount of the Special Operations and Maintenance Program funds) is appropriated and may be withdrawn from the United States Grant General Fund and expended pursuant to Sections 10, 12 and 13 of the Transitional Provisions (Conformity with Trusteeship Agreement) Act, and Article VIII of the Constitution, for program areas in accordance with Schedule 5, during the financial year ending 31 December 1985. The Cabinet may, however, revise the Special Operations and Maintenance allocations within that program area if the actual amount of the Special Operations and Maintenance grant available falls short of the amount hereby appropriated.

(4) The amounts set out in Schedules 3, 4 and 5 are not available for expenditure as reprogrammed expenditure under Section 13 of the Transitional Provisions (Conformity with Trusteeship Agreement)

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Act, and Article VIII, Section 7 of the Constitution except as authorized by or under the law of the United States.

Section 6. Funding for the office of the Auditor-General.

The Secretary of Finance shall withhold and deposit in a special account in the Marshall Islands General Fund one half of one per cent (.5%) of all amounts appropriated in Schedules 2, 3, 4 and 5; and the sum so withheld and deposited may be withdrawn and expended by the Auditor-General in accordance with the budget approved for his office, for the operations and activities of his office.

Section 7. Contingencies Fund.

(1) There shall be established a Contingencies Fund in accordance with Article VIII Section 9 of the Constitution.

(2) The amount of the Contingencies Fund prescribed for the purposes of Article VIII, Section 9(1) of the Constitution is $200,000.

(3) In accordance with Article VIII, Section 9 of the Constitution the Cabinet, on being satisfied that there has arisen an urgent and unforeseen need for expenditure for which no other provision exists, may authorize advances from the Marshall Islands General Fund to be charged against the Contingencies Fund.

(4) Where an amount of unanticipated overseas income is received by the Government for the purpose of an urgent and unforeseen need, the amount prescribed by Subsection (2) for the contingencies fund is increased by the amount of that unanticipated overseas income, to meet the need.

Section 8. Unanticipated overseas income.

Where an amount of unanticipated overseas income is received by the Government for a specified program area (otherwise than as set out in Section 7(4), that amount is appropriated for the corresponding program area in Schedules 2, 3, 4 or 5 as the case may be, and the amount of the appropriation for that program area is increased accordingly.

Section 9. Reports to Nitijela.

When any money to which Section 7(4) or Section 8 applies is received, the Minister of Finance shall immediately notify the Chairman of the Standing Committee on Appropriation and the money shall not be expended without the approval of that Committee or a sub-committee of that Committee appointed by the Chairman for the purpose.

Section 10. Lapsing of certain appropriations.

(1) Any increase in the amount prescribed for the Contingencies Fund provided for by Section 7(4) cease, and any increase in the amount of an appropriation effected by Section 8 lapses -

(a) at the end of the period of twenty eight days after the end of the next meeting of the Nitijela after the date on which the money referred to in those respective provisions becomes available for expenditure; or

(b) on the effective date of the next Appropriation Act or Supplementary Appropriation Act enacted after the date referred to in paragraph (a); or

(c) on the passing of a Resolution to that effect by the Nitijela, whichever happens first.

Section 11. Delegation of authority to approve.

(1) For the purposes of Article VIII, Section 5(1) of the Constitution and of Section 10 of the Transitional Provisions (Conformity with Trusteeship Agreement) Act, the authority to approve expenditure in a program area in accordance with Schedules 2, 3, 4 or 5 is delegated to -

(a) the member of the Cabinet primarily responsible for that program area; and

(b) if the responsible member of the Cabinet so directs by instrument in writing, and subject to any limitations imposed by the instrument and to general control by the member - the appropriate person

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referred to in Subsection (2), subject in either case to any limitations imposed by the Cabinet.

(2) The persons referred to in Subsection (1)(b) are -

(a) the Secretary of the Department concerned; and

(b) the Chief Secretary; and

(c) the Auditor-General; and

(d) the Chairman of the Public Service Commission; and

(e) the Attorney-General; and

(f) the Clerk of the Nitijela; and

(g) the Clerk of the Council of Iroij; and

(h) the Clerk of the Cabinet; and

(i) the Clerk of Courts; and

(j) the Public Defender; and

(3) All expenditure for travel shall be approved by the President, or his nominee, with respect to program areas listed in Schedules 2, 3, 4 or 5.

(4) Any expenditure otherwise than in accordance with Schedules 2, 3, 4 or 5 shall require the approval of the Cabinet under Article VIII, Section 5(1) of the Constitution.

Section 12. Reprogramming and transfers between program areas.

(1) Before any reprogramming of expenditure is approved under Article VIII, Section 8(1)(b) of the Constitution, the Cabinet shall obtain a report from the Secretary of Finance and the Chief Secretary on -

(a) the budgetary implications of the proposal; and

(b) the possibility of savings or new finance, or both, to re-instate the decreased program area if necessary; and

(c) the effect of the proposal on the business of government generally.

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(2) Where a transfer of funds within a program area results in an increase in the allotment for travel above the level in the budget estimates such transfer shall be made with the approval of the Cabinet provided, however, that the Cabinet shall not approve an increase which exceeds fifteen percent of the budget estimates for travel.

Section 13. Rates of Compensation to members of Council of Iroij and Mitijela.

For purposes of Article III, Section 4 and Article IV, Section 17 of the Constitution, rates of compensation for members of the Council of Iroij and Mitijela are amended as follows:

(1) Section 11.200(1) of the Marshall Islands Code is hereby amended to read as follows:

11.200(1) Council of Iroij Compensation

Each member of the Council of Iroij shall be entitled to receive as compensation the sum of $32.00 and the Chairman of the Council of Iroij the sum of $40.00 per sitting day.

(2) Section 11.201 of Public Law No. 1979-2 is hereby amended to read:

11.201 Official Expense Allowance.

There shall be made available to each member of the Council of Iroij an official expense allowance of $2,000 per annum, to assist in defraying official expenses relating to or resulting from the discharge of his official duties as member of the Council of Iroij.

(3) Section 11.202 of the Marshall Islands Code is hereby repealed and the following section substituted:

11.202 Council of Iroij Session Allowance.

Council of Iroij members shall receive a

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session allowance of $5,000 per annum, in lieu of per diem to assist in defraying expenses incurred while the Council of Iroij is in session.

(4) Section 1.001(1) of Public Law No. 1981-11 is hereby amended to read:

1.001(1) Allowances of Nitijela member.

(1) Each member of the Nitijela excluding members of the Cabinet, Speaker and Vice-Speaker who shall receive an official allowance in a lump sum of $3,000, shall receive an official allowance in a lump sum of $5,000, per annum to assist in defraying expenses related to the discharge of official duties as a Nitijela member.

(5) Section 1.014 of Public Law No. 1980-1 is repealed and the following section substituted:

1.014 Nitijela Session Allowance.

Nitijela members shall receive a session allowance of $5,000 per annum in lieu of per diem to assist in defraying expenses incurred while Nitijela is in session.

Section 14. General.

(1) In the event the actual receipts into the Marshall Islands General Fund fall short of the total amount appropriated in Schedule 6 the Cabinet may, in consultation with the Chairman of the Committee on Appropriations reduce the amounts appropriated in Schedule 2, except those funds appropriated for Grant-in-Aid and Scholarship programs.

(2) The Cabinet may in consultation with the Chairman of the Committee on Appropriations adjust the amounts appropriated in Schedules 3, 4 and 5 in accordance with the actual amounts received by the Government from the United States.

Section 15. A summary of the total revenue for the financial year ending 31 December 1985 is set out in Schedule 6.

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BILL NO. 53
H.D.-1

SCHEDULES.

SCHEDULE 1.

Summary of Expenditure
(other than expenditure under Section 9)

Total appropriations out of the M.I. General Fund (as per Schedule 2)	$20,804,000
Special U.S. Agency Grants (as per Schedule 3)	$ 7,650,800
Capital Improvement Projects (as per Schedule 4)	$ 9,645,000
Special Operations and Maintenance Program (as per Schedule 5)	$ 2,536,200
GRAND TOTAL OF APPROPRIATIONS	$40,636,000
Charges on the M.I. General Fund -	
Debt services	$ 3,445,000
Compensation	$ 151,000
GRAND TOTAL OF EXPENDITURE	$44,232,000

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N.D.-1

SCHEDULE 2.

General Appropriations - Recurrent.

Program Area No.	Description.	Appropriation.
2.1 Cabinet		
(a)	President's allowance	$ 25,000
(b)	President's and Ministers' salaries	$ 288,400
(c)	Cabinet operations	$ 216,600
(d)	Compact Lobby Team	$ 47,500
	DEPARTMENT TOTAL	$ 577,500
2.2 Administration		
(a)	Chief Secretary	$ 121,400
(b)	Chief Secretary's Representative/Ebeye	$ 68,100
(c)	Chief Secretary's Representative/Jaluit	$ 26,500
(d)	Planning Office	$ 54,900
	DEPARTMENT TOTAL	$ 270,900
2.3 Council of Iroij		
	Membership and administration	$ 145,200
	DEPARTMENT TOTAL	$ 145,200
2.4 Public Defender		
	Staff operations	$ 71,000
	DEPARTMENT TOTAL	$ 71,000
2.5 Auditor-General		
	Staff operations	-0-
	DEPARTMENT TOTAL	-0-
2.6 Public Service Commission		
	Commission and staff	$ 161,400
	DEPARTMENT TOTAL	$ 161,400
2.7 Electoral Commission		
	Operations	$ 86,600
	DEPARTMENT TOTAL	$ 86,600
2.8 Health Services		
(a)	Hospital operations	
	Majuro	$1,294,300
	Ebeye	$ 309,200

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(b)	Health education	$ 34,700
(c)	Environmental health	
	Majuro	$ 24,000
	Ebeye	$ 9,100
(d)	Dental services	
	Majuro	$ 124,600
	Ebeye	$ 24,800
(e)	Referrals	
	Majuro	$ 700,000
	Ebeye	$ 300,000
(f)	Medical supplies	
	Majuro	$ 450,000
	Ebeye	$ 156,900
(g)	Outer islands dispensaries	$ 548,000
	DEPARTMENT TOTAL	$3,975,600
2.9 Education		
(a)	Administrative Services Div.	$ 275,200
(b)	Elementary	
	Majuro	$1,513,900
	Ebeye	$ 255,300
(c)	Secondary	$ 657,600
(d)	Post Secondary Education	$ 338,400
	DEPARTMENT TOTAL	$3,040,400
2.10 Transportation and Communication		
(a)	Office of the Secretary	$ 42,000
(b)	Ship Operations	
	Militobi	$ 319,900
	Micro Chief	$ 354,900
	Micro Pilot	$ 348,500
	Micro Palm	$ 347,700
(c)	Ship Administrative Support	$ 138,400
(d)	Fentress	$ 50,000

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(e)	Ship Maintenance Support	$ 87,100
(f)	Communications	$ 211,400
(g)	Telecommunications	-0-
	DEPARTMENT TOTAL	$1,899,900

2.11 Resources and Development

(a)	Administration	$ 114,300
(b)	Lands and survey	$ 39,200
(c)	Agro-forestry	$ 136,200
(d)	Marine resources	$ 29,800
(e)	Outer islands project	$ 392,200
(f)	Airport Development	$ 30,000
	DEPARTMENT TOTAL	$ 741,700

2.12 Interior and Outer Islands Affairs

(a)	Public Affairs	$ 68,900
(b)	Broadcast and public information	$ 67,700
(c)	Political affairs	$ 25,200
	DEPARTMENT TOTAL	$ 161,800

2.13 Justice

(a)	Attorney-General	$ 194,300
(b)	Public safety	
	Majuro	$ 453,800
	Ebeye	$ 129,700
(c)	MLSC	$ 10,000
	DEPARTMENT TOTAL	$ 787,800

2.14 Finance

(a)	Finance and accounting	
	Majuro	$ 270,400
	Ebeye	$ 25,400
(b)	Automatic Data Processing	$ 116,500
(c)	Procurement and supply	$ 92,000
(d)	Revenue and taxation	
	Majuro	$ 78,200

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N.D.-1

	Ebeye	$ 31,800
	DEPARTMENT TOTAL	$ 614,300
2.15 Foreign Affairs		
(a)	Office of the Secretary	$ 165,900
(b)	Honolulu Office	$ 183,400
(c)	Immigration	$ 42,600
	DEPARTMENT TOTAL	$ 391,900
2.16 Public Works		
(a)	Operations and maintenance	
	Majuro	$ 515,000
	Ebeye	$ 228,300
(b)	Utilities	
	Majuro	$ 187,800
	Ebeye	$ 327,100
(c)	Utilities - POL	
	Majuro	$ 130,700
	Ebeye	$ 753,800
	DEPARTMENT TOTAL	$2,142,700
2.17 Social Services		
(a)	Social welfare	$ 89,300
(b)	Grants-in-aid	$ 150,500
(c)	Women's affairs	$ 22,100
(d)	Housing Authority	$ 42,500
(e)	Youth services	$ 41,800
	DEPARTMENT TOTAL	$ 346,200
2.18 Nitijela		
(a)	Nitijela Operations	$ 104,400
(b)	General membership	$ 515,000
(c)	Legislative Counsel	$ 56,100
(d)	Speaker's contingency	$ 20,000
(e)	Lodging Expenses	$ 26,000
(f)	Appropriation Committee	$ 20,000
	DEPARTMENT TOTAL	$ 741,500
2.19 Judiciary		
(a)	High Court	$ 238,300
(b)	District Court	$ 6,900

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(c)	Traditional Rights Court	$ 72,100
(d)	Judicial Service Commission	$ 2,400
	DEPARTMENT TOTAL	$ 319,700

7.20 Special Appropriations

(a)	Power plant management contract	$2,110,500
(b)	Prior year liabilities	$1,515,000
(c)	Contingencies Fund obligations	$ 199,900
(d)	Land Leases	$ 301,500
(e)	Tax refunds	$ 201,000
	DEPARTMENT TOTAL	$4,327,900
	GRANT TOTAL	$20,804,000

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BILL NO. 53
N.D.-1

SCHEDULE 3.

Special U.S. Agency Grants.

Program Area No.	Description	Appropriation
3.1 Health Services		
(a)	Family planning	$ 33,200
(b)	Mental health	$ 10,000
(c)	Preventive health	$ 32,800
(d)	Continuing education for nurses	
	Majuro	$ 10,400
	Ebeye	$ 11,600
(e)	Maternal and child health	$ 146,400
(f)	Vocational rehabilitation	$ 90,000
(g)	Environmental Protection Agency	$ 48,100
(h)	Venereal disease	$ 5,100
(i)	Immunizations	$ 12,500
(j)	State Health Planning Development Act	$ 55,200
(k)	Medical Referral Liaison	$ 30,000
(l)	Hospital Technical Assistance	$ 150,000
	DEPARTMENT TOTAL	$ 635,300
3.2 Education		
(a)	Education Consolidation and Improvement Act, Chapter 1	$2,840,000
(b)	Education Consolidation and Improvement Act, Chapter 2	$ 940,000

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(c)	Senior Community Service and Employment Program	$ 96,500
	DEPARTMENT TOTAL	$3,876,500
3.3 Social Services		
(a)	Aging Program	$ 42,400
(b)	School Lunch Program	$2,431,300
(c)	Nutrition education	$ 6,000
(d)	Needy Family Program	$ 84,000
(e)	Community Development Block Grant (carryover)	$ 51,900
(f)	Nutrition Program	$ 272,100
	DEPARTMENT TOTAL	$2,887,700
3.4 Transportation and Communication		
(a)	Telecommunication Specialist and Chief of Plant Operation	$ 50,000
(b)	Civil Aviation	$ 40,000
	DEPARTMENT TOTAL	$ 90,000
3.5 Finance		
(a)	Accounting Advisor	$ 40,000
(b)	Cash Management Study	$ 21,300
	DEPARTMENT TOTOAL	$ 61,300
3.6 Administration		
(a)	Physical Planner	$ 40,000
	DEPARTMENT TOTAL	$ 40,000
3.7 Foreign Affairs		
(a)	Trade Development Specialist	$ 60,000
	DEPARTMENT TOTAL	$ 60,000
TOTAL SPECIAL U.S. AGENCY GRANTS		$7,650,800

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BILL NO. 53
W.D.-1

SCHEDULE 4.

Capital Improvement Projects.

Program Area No.	Description.	Appropriation.
4.1	Sewer Project/Phase 1	$5,614,000
4.2	New Hospital/Dispensaries	915,000
4.3	C.I.P. Administration	$ 150,000
4.4	MIPP Cafeterium	$1,101,100
4.5	Majuro Dock Repair	$ 146,500
4.6	Majuro Water Supply	$ 200,000
4.7	Electrical Upgrade	$ 168,400
4.8	Jaluit Dock	$ 350,000
	TOTAL CAPITAL IMPROVEMENT PROJECTS	$9,645,000

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BILL NO. 53
N.D.-1

SCHEDULE 5.

Special Operations and Maintenance Program.

Project Area No.	Description.	Appropriation.
5.1	Equipment	$ 85,500
5.2	Spare Parts	$ 335,000
5.3	Utilities	$ 596,000
5.4	Building Maintenance	$ 631,700
5.5	Contractual Training Projects	$ 450,000
5.6	Communications Upgrade	$ 238,000
5.7	Drydocking	$ 200,000
TOTAL SPECIAL OPERATIONS AND MAINTENANCE		$2,536,200

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BILL NO. 53
N.D.-1

SCHEDULE 6.

Revenue

Revenue Item		Description	Appropriation
6.1 U.S.	(a)	Basic Grant/other	$11,712,000
	(b)	TTPI Federal Grants	$ 7,650,800
	(c)	CIP Grants	$ 9,645,000
	(d)	Special Operations and Maintenance	$ 2,536,200
		TOTAL	$31,544,000
6.2 DOMESTIC	(a)	Income Tax	$ 4,030,500
	(b)	Import Tax	$ 2,900,000
	(c)	Business Gross Revenue	$ 1,175,000
	(d)	Fuel Tax	$ 525,000
	(e)	Sales Tax	$ 200,000
	(f)	Airport Departure Tax	$ 20,000
	(g)	Philatelic Sales	$ 400,000
	(h)	Utility Charges	$ 777,000
	(i)	Health Service Charges	$ 300,000
	(j)	Fishing Rights Income	$ 875,000
	(k)	Transfers from other Funds	$ 275,000
	(l)	Sale of Gov't Property	$ 230,000
	(m)	Interest Income	$ 100,000
	(n)	MEC Dividends	$ 337,500
	(o)	Business License Fees	$ 115,000
	(p)	Shipping Fees	$ 324,000
	(q)	Miscellaneous	$ 104,00
		TOTAL	$12,688,000
		GRAND TOTAL REVENUE	$44,232,000

Certificate

I hereby certify:

(1) that the above Nitijela Bill No. 53 N.D. 1 has been passed by the Nitijela of the Marshall Islands on the 31st day of January, 1985;

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BILL NO. 53
N.D.-1

(2) that I am satisfied that Bill No. 53 N.D. 1 has been passed in accordance with the Constitution of the Marshall Islands and the Rules of the Nitijela.

I hereby place my signature before the Clerk of the Nitijela this 4th day of February, 1985.

Atlan Anien, Speaker
Nitijela of the Marshall Islands

Attest:

Donald F. Capelle, Clerk
Nitijela of the Marshall Islands

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REPUBLIC OF THE MARSHALL ISLANDS
MAJURO, MARSHALL ISLANDS 96960 • CABLE: REPMAR

17 September 1984

Professor Jack H. Friedenthal
Law School
Stanford, CA 94305

Dear Jack,

I enjoyed very much our conversation last week. Per our discussions, I have enclosed for you a copy of the Compact of Free Association (the Compact) and its related agreements. For our purposes, you will want to focus on Section 177 of the Compact and the Section 177 subsidiary agreement (the Section 177 Agreement) set forth under the tab labled "MIG" in the document entitled "Compact of Free Association Subsidiary Agreements". In this connection, I have also enclosed a copy of the constitution of the Republic of the Marshall Islands.

The Compact and its subsidiary agreements were approved by the people of the Marshall Islands in an United Nations observed plebiscite held 7 September 1983. When approved by the United States, the Section 177 Agreement will compensation of the people and the Government of the Marshall Islands for damage to person and property as a result of the United States nuclear testing program in the Marshall Islands from 1946 through 1958. We anticipate that the Compact, including the Section 177 Agreement, will be approved by the United States and implemented within six months to a year from today.

On 30 March 1984 President Reagan submitted a joint resolution to Congress calling for the approval of the Compact. The Compact is currently under review by the House and the Senate. As I mentioned when we spoke, the Senate Committee on Energy and Natural Resources has completed its review of the Compact, and on 12 September 1984 that committee approved the Compact resolution. From our discussions with Senate staff, we understand the Compact will be considered by the full Senate prior to the October recess. The review and approval process in the House will take longer.

As I mentioned during our conversation, the Government of the

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Marshall Islands would like to know, if you, in particular, and Stanford Law, in general, would be interested in assisting the government in the creation and implementation of the Claims Tribunal provided for under Article IV of the Section 177 Agreement. As the Section 177 Agreement provides, the Claims Tribunal will be empowered to adjudicate claims arising out of the nuclear testing program and issue awards.

If this project is of interest to you, we would be pleased to discuss entering into a formal retainer agreement. Such an agreement would, of course, be subject to approval by the Cabinet of the Republic of the Marshall Islands.

Should you wish to verify with the government of the United States what I have told you over the telephone and in this letter, I suggest that you contact the Honorable Ambassador Fred M. Zeder, Office for Micronesian Status Negotiations, Main Interior Building Room 3356, Washington D.C., 20240, telephone number: (202) 343-9143.

Best personal regards.

Sincerely,

Carl B. Ingram
Advisor to the President

cc w/o enclosures: Senator James A. McClure
Congressman Dante B. Fascell
Congressman John F. Seiberling
Ambassador Fred M. Zeder
James P. Beirne, Senate
F. Marian Chambers, House FA
Patricia A. Krause, House I&IA
Thomas S. Dunmire, House I&IA
James Berg, OMSN

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Office of the President
THE MARSHALL ISLANDS

19 January 1985

Honorable
Congressman John F. Seiberling
Chairman, Subcommittee on
Public Lands and National Parks
Committee on Interior and Insular Affairs
United States House of Representatives
Longworth House Office Building, Room 1225
Washington, D. C. 20515

Dear Mr. Seiberling:

We were pleased with the progress made last year in considering the Compact of Free Association. Our hopes are now high that when reintroduced this agreement will move rapidly to final approval during this new congressional session.

I write today on behalf of the Government of the Republic of the Marshall Islands requesting the assistance of your Subcommittee in authorizing the continuing availability of certain federal programs and services during the term of the Compact. These programs would otherwise be terminated.

Specifically, we encourage your Subcommittee to consider authorizing the continuation of the Legal Services Corporation and Public Health Service as recommended by the Senate Committee on Energy and Natural Resources during the 2nd Session of the 98TH Congress. In addition, we would appreciate your considering the continuation of the Historic Preservation Program as funded by the National Park Service, and on an "as awarded" basis, grant assistance from the National Endowment for the Arts; National Endowment for the Humanities; National Science Foundation; and the Institute for Museum Services.

The Historic Preservation Program as implemented in the Republic of the Marshall Islands continues to be a significant force for the preservation of our historic and cultural resources. Historic Preservation funding is currently being provided on a competitive grant basis at $41,000 for fiscal year 1984. It is being utilized to record and document the oral history and oral literature of the islands as well as to identify

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and develop sites of historic and cultural significance to be preserved for educational and tourism purposes. Though this program appears insignificant in terms of its level of funding, the technical assistance it provides is much needed. Historic Preservation funded assistance by historians and archaeologists has been of increasing significance in identifying important World Was II battle sites as well as areas in need of protection due to their prehistoric archaeological resources.

It is our fervent belief that this program, if allowed to continue, can provide the impetus and technical direction necessary to protect our cultural and environmental heritage as these all-important aspects of our lives continue to evolve over the fifteen year period of the Compact.

The arts and humanities agencies mentioned above provide grant assistance on an extremely competitive basis. We are in effect merely requesting that applications submitted by our cultural and educational institutions be considered according to their individual merit in competition with those submitted from within the United States. We feel that being eligible to apply for such grants could prove a significant factor in stimulating excellence and professionalism within these institutions.

Continuing the availability of programs and services of these agencies of the United States Government is consistent, compatible and within the spirit of Sections 224 and 226 of the Compact.

In closing, I wish to reiterate that we greatly admire your active leadership in the House on our behalf, and you can be assured of our respect and continued gratitude for your help in this matter of urgent concern to ourselves and our posterity.

Sincerely yours,

[illegible]
President

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COPY

MARSHALL ISLANDS NITIJELA

SENATOR EVELYN KONOU
Ori Kwelon, Aolin in Jaluit
Vice-Chairperson,
Committee on Appropriations
Member,
Committee on Health,Education
and Social Affairs

Mailing Address:
Post Office Box 179
Majuro
Marshall Islands
96960
Central Pacific
Phone 371

December 7, 1984

Representative John F. Seiberling, Chairman
Subcommittee on Public Lands and National Parks
Committee on Interior and Insular Affairs
House Annex 1, Room 812
Washington, DC 20515

Dear Mr. Seiberling:

I ask that you include this letter in the record of your hearing on December 12, 1984 on the state of health care in Micronesia.

The part of Micronesia that concerns me most directly is Jaluit Atoll which I represent in the Marshall Islands Nitijela along with Senator Carl Heine who shares my views on this matter.

Jaluit was the administrative center of the Marshall Islands under the Germans and the Japanese. Bypassed in WWII by U.S. forces, it has largely been bypassed by the Trusteeship too. I say largely because Jaluit is better off than most outer islands because it has a high school which serves the southwestern Marshalls.

In health care it is not much better off than other outer islands; it is fairly typical of the atolls and islands outside of Majuro and Ebeye. These outer islands have a population of 12,000, over a third of the Marshall Islands total.

There are three dispensaries on the major islands of Jaluit. All are almost completely empty of equipment, supplies and medicine. Two of the three dispensaries were constructed out of concrete in the past two years using grant-in-aid materials and community labor. However they were not stocked with equipment and supplies. There are five major islands without dispensaries. On these islands the health aides or medex's work out of a corner of their house.

On Jabor, the administrative center, there is a doctor who works out of a leaky, badly deteriorated "super dispensary." It was supposed to serve Jaluit High School and the southwestern atolls. The doctor could do emergency surgery such as appendectomies or cesareans if he had any equipment. The health aides who run the other dispensaries in some cases do not even have a stethoscope to diagnose the frequent respiratory ailments, something that is within their training.

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Much of the time there is no medicine available; small infections often turn into major problems. Proper supplies and medicines for common procedures such as delivering babies are not regularly available. Immunizations usually await infrequent visits from Majuro medical staff.

Most of the health aides are conscientious but their training is inadequate. They do not work on public health matters -- preventive medicine and education to cut down on hospital admissions. Some of the health aides were originally trained by the Navy. They are now nearing retirement.

Running water, another basic need, absent on the outer islands, also leads to health hazards.

The biggest health development since 1947 has been the introduction of air service by RepMar allowing medevac flights. However, HF radio communications are poor with the outer islands. This can lead to unnecessary medevac flights or inadequate emergency treatment. (It is too bad that the islands do not have the low-cost satellite stations similar to the ones that serve the isolated villages of Alaska.)

RepMar had expected that $1.5 million would be left over from the new Majuro hospital construction to build outer island dispensaries. Valid needs in the new hospital have wiped out that money. I do not know from where the replacement funding will come.

In summary, the health care for the non-radiation affected atolls outside of Majuro and Ebeye is inadequate. Any assistance the U.S. Congress can give us would be greatly appreciated. If the Trusteeship ends with the present state of health care on the outer islands I am sure it does not meet our hopes, or yours, for 40 years of American administration. We know it would not help simply to throw money at the problems. Perhaps a joint effort could give us good, basic health care. We thank you for your interest and concern. We invite you or your staff to visit the outer islands should the opportunity arise.

Sincerely,

Evelyn Konou

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OFFICE FOR MICRONESIAN STATUS NEGOTIATIONS
WASHINGTON, D.C. 20240

April 8, 1985

The Honorable John F. Seiberling
Chairman, Subcommittee on Public Lands
Committee on Interior and Insular Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

You have requested, and I am pleased to be able to provide, the Administration's views with respect to application of environmental laws to a radiological clean-up of Bikini Atoll.

Under the present Trusteeship legal system, two statutory environmental regimes would apply to Bikini rehabilitation activities. Upon entry into force of the Constitution of the Marshall Islands, the Trust Territory Environmental Quality Protection Act (Chapter 7, Title 63 Trust Territory Code) remained in effect for the Marshall Islands, subject to revision in accordance with the constitution. This statute is fashioned after and expressly incorporates provisions of certain United States environmental laws. Compliance by any private or Marshallese official parties with the requirements of the environmental laws established during the Trusteeship and currently in force under the Marshalls constitution would be required in conducting a rehabilitation project at Bikini.

In addition, to the extent that the United States Government might be involved in activities related to Bikini rehabilitation prior to Trusteeship termination, such activities would have to comply with the requirements of the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. 4321 et seq. See People of Enewetak v. Laird, 353 F. Supp. 811 (1973).

As to post-Trusteeship rehabilitation activities, to the extent that the Marshall Islands Government retains and enforces the requirements of the Environmental Quality Protection Act carried over from the Trust Territory Code, compliance with that law will be required. This would require the issuance of a permit under standards which are not rigorous in themselves but are designed to ensure prior review of planned activities which could have an impact on the environment.

Under the Compact of Free Association, any United States Government activities undertaken in the Freely Associated States would fall under the provisions of Title One, Article VI. As was

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brought out in extensive discussion of these provisions during your Subcommittee's hearings on the Compact, this means that NEPA would apply to official United States activities. However, Article VI also provides for flexibility in the development of environmental standards and procedures and envisions that the United States and the Government of the Marshall Islands will mutually agree on procedures and policies which accommodate unique circumstances. An undertaking such as the radiological clean-up of Bikini would, if conducted by the United States, thus be governed by NEPA and by the environmental standards and procedures developed under Article VI of Title One of the Compact.

Under the Memorandum of Agreement of March 13, 1985, pursuant to which the Bikini rehabilitation lawsuit was dismissed, the United States and the Bikinians accepted the principle that rehabilitation and resettlement of Bikini by the people of Bikini should be facilitated through consultation and cooperation between the United States and the Bikinians. That consultation and cooperation has already begun with the support of the Bikini people for the Compact and Department of Energy cooperation with the scientists who are studying Bikini rehabilitation with funds provided by Congress.

It may thus prove more acceptable to the Bikini people for the United States role in any radiological clean-up operation to be other than that of program manager and rather to be more in accord with that envisioned in the Compact, the Compact Section 177 Agreement and the lawsuit dismissal whereunder the people of Bikini assume responsibility for the rehabilitation and resettlement of their atoll with assistance from a number of sources, including the Government of the United States.

Sincerely,

Sam Thomsen

Samuel B. Thomsen
Deputy U.S. Representative for
Micronesian Status Negotiations

THE PRESIDENT'S PERSONAL REPRESENTATIVE
FOR MICRONESIAN STATUS NEGOTIATIONS
WASHINGTON, D.C. 20240

March 27, 1985

The Honorable John F. Seiberling
Chairman, Subcommittee on Public Lands
Committee on Interior and Insular Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Seiberling:

During the hearing on the Compact of Free Association which your Subcommittee conducted on March 14, 1985, you requested the Administration's views regarding the validity of the legal arrangements for espousal of claims in the Section 177 Agreement under both the United States and the Marshall Islands constitutions.

With respect to the Constitution of the United States, it is the Administration's view that the legal arrangements for espousal of claims in the Section 177 Agreement are valid. The United States has adopted the principle of international law that allows originally private claims to be settled on a government-to-government basis. See, e.g. Dames & Moore v. Regan, 453 U.S. 654, 679 (1981) (Iranian Claims Settlement); Henkin, Foreign Affairs and the Constitution 226 (1972). Settlement of foreign claims on a government-to-government basis, when practiced by the United States, is a legitimate exercise of the President's foreign affairs authority. See U.S. v. Pink, N.Y. 1942, 315 U.S. 203, 226-33 (Litinov assignment with Russia). In the Dames & Moore and Pink cases the issue was whether such government-to-government settlements could be accomplished by executive agreement. Upon approval of the Compact or any other claims settlement agreement by Congress, there would be litle basis for questioning the constitutionality of the agreement were it applicable to the claims of United States citizens.

Interpretation of the Marshall Islands Constitution is, of course, a matter within the authority of the Government of the Marshall Islands. During the political status negotiations,

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representatives of that government, in a formal exchange of letters (copy attached), confirmed that execution, approval and implementation of the Compact and the Section 177 Agreeement could be accomplished in a manner consistent with their constitution. The question of compatibility between the Compact, including the Section 177 Agreement, and the Marshall Islands Constitution is also addressed under Section 471(a) of the Compact. Under that provision the Signatory Governments agree that they have "full authority under their respective constitutions to enter into this Compact and its related agreements..."

Subsequent to its signature and the plebiscite in which it was approved, the Compact and Section 177 Agreement were approved by the legislative branch of the Government of the Marshall Islands. See Nitijela Resolution No. 27, September 20, 1983, (copy attached). The constitutionality of this governmental approval process has been upheld by the courts of the Marshall Islands. See Imada Kabua, et al. v. Republic of the Marshall Islands, Civ. No. 1983-101, High Court of the Republic of the Marshall Islands.

The internal constitutional processes referred to above represent the official acts of the Government of the Marshall Islands with respect to the constitutionality of the Compact and Section 177 Agreement. In light of these determinations and the applicable provisions of the Marshall Islands Constitution as we understand them, the Executive Branch of the United States Government concludes that execution, approval and implementation of the Compact and the Section 177 Agreement by the Government of the Marshall Islands is consistent with the requirements of the Marshall Islands Constitution. See Art. V, Sec. 1(3)(d), Const. Rep. of the Marshall Islands.

Moreover, in negotiating and approving the Compact and Section 177 Agreement, the Government of the Marshall Islands has acted in a manner consistent with its present authority under the Trusteeship Agreement and the arrangements which have been made for its implementation by the United States. See 48 U.S.C. 1681; Executive Order No. 11021 and Secretary of the Interior Order 3039, Sections 2,3,4 and 6. As part of the process of negotiation, approval and establishment of Free Association as defined in the Compact, the decision of the Government of the Marshall Islands to adopt as part of its constitutional and international practice established principles of international law for the settlement of claims of its citizens is entirely consistent with both Article 6 of the Trusteeship Agreement and the authority which the Government of the Marshall Islands will

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have under the Compact of Free Association. See Sec. Int. Order 3039, Id.; Title One, Art. II, Section 121 (d) of the Compact of Free Association; 8 M. Whiteman, Digest of International Law 1216-1233.

Finally, the procedure which has been followed for the negotiation and approval of the Compact has been consistent with long-standing international practice for the establishment of international agreements and binding legal arrangements forming the basis for termination of trusteeships in accordance with the UN Charter and applicable UN resolutions. See 1 M. Whiteman, Digest of International Law, 897-911 (1967); Hills, Compact of Free Association for Micronesia: Constitutional and International Law Issues, Vol. 18, No. 3 The International Lawyer 583, 602-608 (Summer 1984)).

Sincerely,

Fred M. Zeder, II
Ambassador

AUG 15 RECD

Office of the President
THE MARSHALL ISLANDS

12 August 1983

The Honorable Fred M. Zeder
The President's Personal Representative for
Micronesian Status Negotiations
Office for Micronesian Status Negotiations
Washington, D. C. 20240

Dear Ambassador Zeder:

In connection with the September 7, 1983, Plebiscite on Free Association, my Government has reviewed the Constitution and the laws of the Republic, and considers that it has full authority to enter into and to fulfill its responsibilities under the Compact of Free Association, and its related agreements, in accordance with its constitutional processes, as provided for in Section 471 of the Compact.

My Government considers that there is no requirement to implement Article XIII, Section 6, of the Constitution, the provisions of which my Government would implement if it considered that its constitution or laws would impede it from entering into or fully implementing the Compact and its related agreements, as is required of both the United States and the Marshall Islands under Section 471 of the Compact.

The Compact and its related agreements shall, for purposes of Section 411 of the Compact, be approved by my Government and, as of the effective date of the Compact and its related agreements, be law, upon:

1. approval by the people of the Marshall Islands in a plebiscite;

2. approval by the Nitijela by resolution pursuant to Article V, Section 1(3)(d), of the Constitution; and

3. final acceptance by the Cabinet pursuant to Article V, Section 1(3)(d), of the Constitution,

as provided for in the Compact of Free Association (Implementation) Act 1983.

In respect to the Plebiscite, we would use the ballot attached to your letter of June 25, 1983, without any additional language or legend, except that immediately before the first sentence in Part Two we would insert "The voter is also requested to vote on the question in this Part."

Best personal regards,

Amata Kabua
President

A RESOLUTION

To approve entry into the Compact of Free Association and its related agreements in accordance with the Compact of Free Association (Implementation) Act 1983 and Article V, Section 1(3)(d), of the Constitution.

WHEREAS, on 25 June 1983 the Government and the Government of the United States concluded the Compact of Free Association and its related agreements; and

WHEREAS, Section 3 of the Compact of Free Association (Implementation) Act 1983 provides that the Compact of Free Association and its related agreements shall have the force of law in accordance with their respective provisions, provided that (1) the Compact and its related agreements are approved by a majority of the votes validly cast in a referendum and (2) the Nitijela approves and the Cabinet finally accepts the Compact of Free Association and its related agreements in accordance with Article V, Section 1 (3)(d), of the Constitution; and

WHEREAS, the Counting and Tabulation Committee for the national plebiscite on the Compact of Free Association and its related agreements has publicly announced the unofficial result of the plebiscite as having approved the Compact of Free Association and its related agreements by a 58% majority of the votes validly cast; and

WHEREAS, it is the belief of the Nitijela that a majority of votes validly cast in the plebiscite has approved the Compact of Free Association and its related agreements, and it is contemplated that the official result shall be announced on or about 30 September 1983; now therefore

BE IT RESOLVED by the People of the Marshall Islands, through their Nitijela in its Fourth Constitutional Regular Session, 1983, that the Nitijela approve, and it hereby approves, pursuant to the Compact of Free Association (Implementation) Act 1983 [illegible]

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RESOLUTION NO. 27.

V, Section 1(3)(d), of the Constitution, the Compact of Free Association and its related agreements; and

BE IT FURTHER RESOLVED that the Nitijela recommend to the Cabinet, and it hereby recommends to the Cabinet, that the Cabinet finally accept the Compact of Free Association and its related agreements in accordance with Section 3 of the Compact of Free Association (Implementation) Act 1983 and Article V, Section 1(3)(d) of the Constitution.

Certificate

I hereby certify:

(1) that the above Nitijela Resolution No. 27 has been adopted by the Nitijela of the Marshall Islands on the 20th day of September, 1983.

(2) that I am satisfied that Resolution No. 27 has been adopted in accordance with the Constitution of the Marshall Islands and the Rules of the Nitijela.

I hereby place my signature before the Clerk of the Nitijela this 21st day of September, 1983.

Atlan Anien, Speaker
Nitijela of the Marshall Islands

Attest:

Donald F. Capelle, Clerk
Nitijela of the Marshall Islands

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STATEMENT OF SENATOR IMADA KABUA
BEFORE THE HOUSE COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS, SUBCOMMITTEE ON
PUBLIC LANDS

COMPACT OF FREE ASSOCIATION HEARING
REGARDING THE MARSHALL ISLANDS GOVERNMENT

Chairman Seiberling, Ladies and Gentlemen:

I am Imada Kabua, and I would first like to thank the Committee for allowing me to submit these comments. I am one of three senators representing Kwajalein Atoll in the Marshall Islands Nitijela. I am also the Chairman of the Board of Directors of the Kwajalein Atoll Development Authority (KADA), and the President of the Kwajalein Atoll Corporation (KAC). In these three positions, I have had an excellent opportunity to observe and evaluate the Marshall Islands Government (RepMar).

The United States' presence in the Marshall Islands on Kwajalein directly affects the Kwajalein people. Yet the United States has refused to deal with the Kwajalein people regarding use of our land. Instead, it deals with RepMar, where Kwajalein's three legislative representatives are only a small minority.

In its dealings with the United States, RepMar consistently has disregarded the interests of the people of Kwajalein, and, in fact, has been hostile to us. This attitude stems from a basic conflict between the RepMar government and the people of Kwajalein. RepMar, we believe, would like to use the Kwajalein funds for continued operation of its government. Yet the Kwajalein people are entitled to those funds for use of

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our land. The United States' refusal to deal with the Kwajalein people thus has forced us to deal with RepMar, an intermediary with interests diametrically opposed to those of the people of Kwajalein.

As the President of the Kwajalein Atoll Corporation (KAC) and as an iroij living on Ebeye, I have a close-up view of the way RepMar deals with the Kwajalein people, and, supposedly on behalf of Kwajalein, with the United States. Senator Ataji Balos and Mayor Alvin Jacklick have already described to you in some detail that the needs on Ebeye are greater than can be provided by the cash and capital improvement levels in the Compact negotiated by RepMar with the United States. I will not repeat their testimony here but refer you to their statements before this Subcommittee on August 9, 1984.

Over the years, I have seen numerous occasions where RepMar has failed to act in the interests of the Kwajalein people in dealing with the United States. For example, in negotiation over the Compact, RepMar agreed to a draft Military Use and Operating Rights Agreement (MUORA) for a 50-year period at unacceptable terms without ever consulting the landowners. RepMar also agreed with the United States in the Status Of Forces Agreement (SOFA) to make payments for past use of Kwajalein impossible. A provision in the SOFA in effect precluded landowners from enforcing a High Court judgment for past use in the United States. RepMar did not consult with the landowners about this provision in the SOFA.

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The IUA and the LUA require the United States to increase employment of Marshallese at the Kwajalein Missile Range to correct any prejudice to employment resulting from participation in Operation Homecoming -- the landowners' 1982 protest. Yet RepMar has made no effort to secure compliance with the IUA and the LUA.

Operation Homecoming reflected the landowners' frustration at our inability to deal satisfactorily with either RepMar or the United States. Yet RepMar paid some landowners not to participate in Operation Homecoming.

Moreover, RepMar has been unreliable regarding payment of funds to the landowners. On occasion RepMar delayed paying to the landowners funds that RepMar had received from the United States for the landowners. When RepMar finally paid, it attempted to keep the interest earned on the landowners' funds.

The KAC insisted that RepMar agree to the Land Use Agreement (LUA) because it was concerned, on the basis of these experiences, that RepMar might not pay the landowners the funds to which we were entitled under the Compact and the IUA. The LUA, negotiated between RepMar and the KAC, requires RepMar to pay the people of Kwajalein the funds the U.S. intended for us under the Compact and the IUA. Even with the LUA, KAC has had problems obtaining from RepMar funds to which it is entitled under the LUA. In February, 1983, KAC was forced to file suit in the High Court of the Marshall Islands to get RepMar to provide the Defense Department with documents necessary to obtain funds from the United States.

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I have seen first hand how Kwajalein has been treated better when the Kwajalein people are involved in the negotiations with the United States. In September, 1982, the United States met with RepMar and with representatives of KAC and their counsel in Honolulu, Hawaii. The purpose of that meeting was for counsel for the KAC to set forth the position of the landowners who were engaged in Operation Homecoming. As a result of that meeting, the United States allowed counsel for KAC to participate in Washington, D.C., in the negotiations between the United States and RepMar over the IUA. (KAC was not, however, recognized as a party to the negotiations.)

In the negotiations for the IUA, the United States agreed to make increased cash payments and to give non-cash benefits. The United States also agreed, inter alia, to correct the discharge of Marshallese employees for participating in Operation Homecoming, to increase the proportion of Marshallese employees of the Kwajalein Missile Range logistical support contractor and to establish a Community Relations Council. But many of these commitments have not been carried out, in part because RepMar continues to be the intermediary between the United States and the people of Kwajalein.

As Chairman of KADA, I also have seen the examples of RepMar's hostility to the needs of the Kwajalein people. Over the last few years, RepMar has impeded the operations of KADA by failing to adopt legislation establishing KADA. This has been an ongoing dispute since 1982, when the United States, in the IUA, directed RepMar to establish KADA.

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RepMar has further impeded the efforts of KADA to undertake projects to improve the conditions on Ebeye. As Chairman of the KADA Board of Directors (and also the President of KAC), I requested KAC general counsel to assist KADA in late 1983 in the development and implementation of plans for installation of improved electrical generating equipment and desalination equipment for Ebeye. This action met with concerted hostility from officials of RepMar, including claims of conflict of interest on the part of counsel arising from their representation of KAC. In reponse, counsel asked the Hawaii Supreme Court Office of Disciplinary Counsel for an informal determination, since the two lawyers involved worked in Honolulu and were members of the Hawaii bar. The response was that no conflict appeared, and RepMar officials were so advised. Notwithstanding the foregoing, the Attorney General of the Marshall Islands initiated formal grievance proceedings against the two attorneys in the Standing Committee on Professional Conduct of the Courts of the Marshall Islands, charging unauthorized practice and conflict of interest, and raising an allegation of unfitness to practice law. These proceedings are without a proper basis and are calculated to frustrate the right of the Kwajalein people to realize the benefits contemplated by the IUA and the LUA.

As a Senator in the Nitijela, I have had another vantage point to observe the disregard of RepMar for the interests of Kwajalein. I am deeply concerned about the potential for diversion of Kwajalein funds. As a member of the Nitijela

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budget committee I have reviewed RepMar's first five-year development plan. The current financial instability of RepMar evidenced in that document highlights my concern. RepMar admits that it faces severe funding constraints for its development program because of the heavy burden of debt servicing it has incurred. Debt servicing, at $52.2 million, exceeds RepMar's programmed capital improvment expenditures for 1985-1989 by $25 million. The debt service obligation amounts to one-third of the first five years of Compact funding (other than Kwajalein funds). There is a serious risk that any funds not directly paid to the Kwajalein landowners once the Compact is in effect will be retained by RepMar.

Because of these problems I suggest the following proposals to the Committee in its consideration of the Compact. First, there is no question that the funding levels in the Compact are inadequate. Funding levels are not the subject of this hearing, so I will refer you to the prior testimony of KAC and KADA representatives on those issues. But I must say that prior experience has shown us that any negotiations regarding use of Kwajalein must be with the landowners, not RepMar.

On the basis of my experience, I believe that if the United States continues to use RepMar as an intermediary there is a serious danger that funds the U.S. intends for the landowners will be diverted. Therefore, the United States should make payments intended for Kwajalein directly to the landowners, not to RepMar. Another option would be for the United States to establish a trust fund so as to ensure that funds intended for the Kwajalein people will be paid to them.

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REPUBLIC OF THE MARSHALL ISLANDS

MAJURO, MARSHALL ISLANDS 96960 CABLE: REPMAR

March 4, 1985

Ms. Patricia Krause
Professional Staff Member
Committee on Interior and
Insular Affairs
U.S. House of Representatives
Washington, D.C. 20515

In Re: The 25 February RMI Budget Submission

Dear Pat:

Per our conversations of 26 and 28 February, 1985, I have enclosed the information you requested in respect to expenditure and appropriations for outer island dispensaries in fiscal years 1984 and 1985, respectively. Per our discussions I have also enclosed an explanatory note from our planner regarding the short fall in KADA projects over the first five years of the National Development Plan.

Further, you requested an explanation of why DOI officials informed you that my Government had appropriated only $68,900 for outer island dispensaries for fiscal year 1985. Although I cannot be certain as to the origin of the DOI report, upon reviewing our 1985 appropriation figures it appears DOI added our travel budget of $25,000 and our equipment budget of $43,900 to get $68,900.

In respect to the KADA short fall, I note our planner was informed by KADA representatives that Congress may authorize funds earmarked for KADA to be accelerated.

If you need further information in respect to the above, please feel free to give me a call.

Before I close, I would, however mention that if you have any questions prepared for my Government in respect to the 14 March hearing on the Compact, I would be pleased to receive a copy at your earliest convenience. I understand that in a conversation last year between Congressman Seiberling and Chief Secretary DeBrum, Congressman Seiberling said he would make his Subcommittee's Compact questions for my Government available to us in advance of the hearing.

Sincerely,

Carl B. Ingram
Advisor to the President

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FOR OSCAR DE BRUM PM REPMAR FINANCE

O/I DISPENSARIES FINANCIAL DATA

	1984 ACTUAL EXP.	1985 BUDGET
PERSONNEL SERVICES	330.599	412,500
FREIGHT	7,203	7,000
RENTALS	786	0
PRINTING	114	0
FUEL	450	0
MEDICAL SUPPLIES	126,749	50,000 *
SUPPLIES AND MATERIALS	1,669	7,000
TRAVEL	11,053	25,000
CONTRACTUAL SERVICES	25	0
OTHER	0	2,000
EQUIPMENT	0	43,900
TOTAL	478,148	548,000

NOTE:

*ADDITIONAL SUPPLIES AVAILABLE THROUGH GRANT FROM GOVERNMENT OF JAPAN.

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REPUBLIC OF THE MARSHALL ISLANDS
OFFICE OF PLANNING AND STATISTICS
MAJURO, MARSHALL ISLANDS 96960

March 1, 1985

To : Ambassador Zeder's Office, attn. Carl Ingram
From: Office of Planning and Statistics

Subject: KADA's financial picture, 1985-89

KADA's planned financial requirements during the period 1985-89 amount to $ 116.2 million(Five Year Plan(FYP), p. 188-89). Assuming that KADA would receive 40 %(i.e. the capital account share) of the annual Compact grant earmarked for Kwajalein Atoll, the available amount is only $ 29.7 million(FYP, p. 150, and p. 152, footnote 1). This amount consists of $ 12.7 million reserves(LUA funds) and of $ 17.0 million to be received under the Compact.

Subtracting this available total of $29.7 million from the planned expenditures of $ 116.2 million, the initial KADA shortfall is $ 36.5 million.

However, KADA's financial position for the Plan period 1985-89 could improve substantially as follows:
If KADA would receive its Compact funding for the entire 15 year period up-front during the first five years, then an estimated $ 43.2 million would be added to the initial $ 29.7 million, so that KADA would have as available funds $ 72.9 million, reducing the shortfall to ($ 116.2 million - $ 72.9 million =) $ 43.3 million(FYP, p. 119-20). That is KADA's initial shortfall of $ 86.5 million would decrease by $ 43.2 million to only $ 43.3 million.

In summary:

Planned requirements (1985-89)		$ 116.2 million
Initial available	-	29.7
Initial shortfall		86.5
Payment up-front	-	43.2
Reduced shortfall		43.3

or:

Planned requirements(1985-89)		$ 116.2 million
minus: intitial available	$ 29.7	
minus: payment up-front	$ 43.2	72.9
Reduced shortfall		43.3

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